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ABSTRACT

This volume, part of a series of mongraphs that explore the relationship between the economy and schooling, analyzes the economic influences contributing to current pressures for changes in secondary schooling in Australian society with particular attention to the long-term structural collapse of the full-time teenage labor market. After a brief introduction, the paper addresses current dislocations in the transition from student to employee that have resulted in widespread teenage unemployment. The full-time and part-time teenage labor markets are analyzed in detail, along with trends in unemployment and nonparticipation, and the government's response to the youth unemployment crisis. The latter part of the paper addresses the need for fundamental reform in secondary schooling to accommodate these structural changes in the economy. Five readings by separate authors follow: (1) "Where Are We Now in the Economics of Education?" by M. Blaug; (2) "Major Theories of the Labor Market and Women's Place Within It," by C. O'Donnell; (3) "The Incompatibilities of the Welfare State," by G. Esping-Andersen; (4) "The Participation and Equity Program: One Year On," by D. Pettit; and (5) "Traineeships for Youth," a report of the Committee of Inquiry into Labor Market Programs. An annotated bibliography is included. (TE)

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# THE POLITICAL ECONOMY OF SCHOOLING

John Freeland

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ESA845 The Economy of Schooling

# The Political Economy of Schooling

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This book forms part of the ESA845 *The Economy of Schooling* course offered by the School of Education in Deakin University's Open Campus Program. It has been prepared by John Freeland for the ESA845 *The Economy of Schooling* course team, whose members are:

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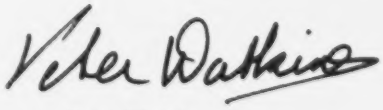
## Series introduction

In recent times the effect of economic decisions upon the aims and development of schooling has become more marked. The economic dilemmas which confront most countries at the present time have created debate as to what the proper political strategies should be with regard to schooling and the way schools are administered.

The series of monographs of which this volume is a part explores the relationship between the economy and schooling, for the administration of education is necessarily tied both to optimising educational outcomes with regard to available resources and to providing insights and alternatives for future economic directions.

The arguments presented in these monographs examine some of the important dimensions of the economy of schooling. Beginning with a discussion of the current relationship between the economy and schooling, the series shows how economists have sought to explain the economic nature of education. An analysis of the effects of the economy on students and teachers is then presented in order to emphasise the human effects of the relationship between the economy and schooling. A further monograph explores the effects of the current technological revolution on the economy, the labour market and schooling. This is followed by a discussion of the importance of the production and control of knowledge and information, an aspect of the economy and schooling which is assuming great importance in our society.

It is hoped that the publication of this series will help to clarify some of the complex issues that are affecting the ways in which schools are currently administered. In the future we hope to add to the series further monographs which will add new dimensions to the debate on the relationship between the economy and schooling.



Peter Watkins
Course team chairperson

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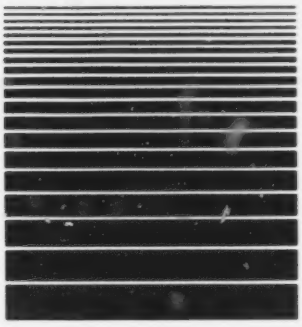
# The political economy of schooling



# Introduction

The delineation of academic boundaries is always a risky business. Blaug's overview of recent developments in the economics of education (1985) covers much material that would be equally at home in the politics of education, the sociology of education or the political economy of education. However, concern for clearly defined unambiguous academic boundaries can only divert our gaze from the real point at issue: how to understand schooling in our society. As Walker & Evers (1984) have pointed out by quoting Quine:

> Boundaries between disciplines are useful for deans and librarians, but let us not overestimate them – the boundaries. When we abstract from them we see all of science . . . as a single sprawling system, loosely connected in some portions, but disconnected nowhere.
>
> (Walker & Evers 1984, p. 30)

If the boundaries between the sociologists, the political scientists, the economists and the political economists are broken down, a touchstone of common concern can be found despite the different assumptions, perspectives and focuses. That touchstone is 'how do we solve the problem of explaining the role schooling plays in social reproduction and providing the basis for changing that role where desirable?' (Walker 1985, p. 68). These are the crucial questions, and disagreements within and between disciplines should not divert our attention from them.

With the long-term structural collapse of the full-time teenage labour market the actual work of schools and colleges has been the subject of increasingly critical scrutiny, and the debate about education has similarly intensified. Virtually all states have commissioned and received major reviews of their schooling systems, and the Commonwealth Government has received the report of the Quality of Education Review Committee ('QERC' Report, 1985), the *Review of Youth Policies in Australia* (1984) by the OECD, and the *Report of the Committee of Inquiry into Labour Market Programs* (Kirby Committee Report, 1985). All of these reports specifically address the issue of transition from school to work or further study. It is increasingly clear that we are set for some major changes in the systems of secondary schooling and, in particular, post-compulsory educational provision. In turn, the actual work of teachers and students and the relations between teachers and students will be significantly altered. The patterns of transition established in the fifties and sixties have been disrupted, and there are irresistible pressures to change the structural arrangements for that transition.

The concern of this monograph is to provide an analysis of, and some insight into, the forces contributing to these pressures for change, and to develop some arguments relating to the desirable direction of such change from the political economy perspective. The analysis will be necessarily partial (incomplete) and it is up to readers to integrate it with their ongoing reading and experience in the world with a view of further developing their own 'theory of the world' having due regard to the need to maintain internal coherence and

consistency in that theory. Ultimately, the value of the monograph will depend on the assistance it gives readers in coming to a more successful (in terms of their effective participation in the coming changes) understanding of schooling in society today.

## Dislocations in transition

As argued by the Education Group of the Centre for Contemporary Cultural Studies at Birmingham University (1981, p. 24), 'the modern school faces two ways: towards wage labour and the tasks of housewife and mother on the one side, and towards the child's family of origin on the other'. Connell et al. (1983) considerably enriched our understanding of this two-way relationship in *Making the Difference*: the hopes, fears, expectations, understandings and frustrations of students, teachers and parents are clearly enunciated and placed in the broader context of social structures and processes. The broader context is important because the tensions and contradictions generated by the double focus of schooling are compounded by class, gender, race, ethnicity and age factors and by the complex interaction of past, present and future oriented perspectives. Resolution of this confusion and conflict, experienced as it is at the individual and local levels, does not take place at the individual and local levels alone. The pressures are manifest in the every-day life world of the school: teachers, students and parents seek solutions to the consequent problems, but the confining circumstances or limiting parameters within which these solutions are sought are significantly established by the educational bureaucracies, the educational pressure groups and the political apparatus of the state. This is particularly the case in relation to the pressures and problems generated by the changing school–work relation. As the Birmingham University Education Group argues:

> Direct popular organisation around the school–work relation has, historically, been quite rare and, in this significant absence, attention to the school–work relation tends to *mean* attention to the needs of capital and of organized bureaucraries in the professions and in the state.
>
> (Centre for Contemporary Cultural Studies 1981, p. 24)

Of all the factors influencing the actual work of schools and the debate about education, the one which has had the greatest effect is the persistently high level of teenage unemployment. Through the fifties, sixties and early seventies the relationships between 15- to 19-year-olds and their families, schools and the world of work underwent profound change. These changes led Keniston (1970) to identify a 'new' stage of life falling between adolescence and adulthood, a stage of 'youth' (see Coleman & Husen, 1985). Keniston characterised young people falling into this category by reference to the apparent fact that:

> they have not settled the questions whose answers once defined adulthood: questions of relationships to the existing society, questions of vocation, questions of social role and life-style.
>
> (Coleman & Husen 1985, p. 11)

As is evident in films such as *Rebel Without a Cause* and *The Blackboard Jungle*, these changing relationships were manifest in society and in the schools well before the academic debate conceptualised them, but there was little fundamental questioning of the school–work–society relation until the late 1960s.

When it came, the questioning was prefaced on the assumption that the transition from student to employee would continue to be unproblematic, and that there would be plenty of jobs for the asking. The concerns were to make schooling more humane, more responsive to community, more diverse, more relevant and more equal. Education was seen as a 'good' in its own right. When the realities of the labour market and the world of work were addressed by the reforming educationists it was from the perspective of education as a reforming and humanising influence on the world of work and the wider society. The debate about education and equality was resurrected and compensatory education was seen as the answer in Britain with its Education Priority Areas, in the United States with its Headstart program and in Australia with the Disadvantaged Schools Program. In the seventies, the naive notion that more of the same education for the disadvantaged would guarantee equality was displaced by the 'new sociology of education' which argued that the very structures and processes of schooling worked to exacerbate already existing inequalities based on class, gender, race and ethnicity.

It was concern for equality, diversity and community participation which pervaded the 1973 Report of the Interim Committee of the Schools Commission, *Schools in Australia* (P. Karmel, Chairman), and the rapid expansion of Commonwealth funding for the state schooling systems. Similarly, there were significant moves to reform schooling at the state level – for example – the abolition of external examinations, the introduction of open classroom design in primary school buildings in Queensland, and the introduction of liberal progressive courses such as MACOS in many schools. These reforms were attacked by the educational conservatives and traditionalists on the basis of preserving traditional educational standards. From 1974 these attacks gained credibility as levels of teenage unemployment increased. The late sixties and early seventies assumption that autonomy for the schooling system allowed it to pursue its own cherished objectives was rudely destroyed as employers, politicians and educational conservatives argued that declining educational standards and failing school discipline were the causes of teenage unemployment. On this basis these groups made their claims for increased influence on the schooling system. Since that time, the school–work relation has been the major focus of the debate about education and it is the major force behind the present moves for educational reform. The transition from school to work has been dislocated and it is important to understand the forces behind, and the nature of, the dislocation. It is time for educationists to look critically at schooling from the perspective of the labour market as opposed to their traditional stance of resisting such pressures.

## The full-time teenage labour market

Tables 1 and 2 present a picture of the harsh reality of a long-term collapse of the teenage full-time labour market, a collapse which predates the 1974 recession by at least eight years. In August 1966 some 59 per cent of teenagers held full-time jobs, but by August 1984 it had fallen to only 32.6 per cent. For males the fall was from 61 to 36 per cent, and for females it was from 57 to 29 per cent. Over the same period, the number of teenagers holding full-time jobs fell by 196 000 (from 615 000 to 418 000) or 32 per cent. For males the fall was from 318 800 to 234 800 (a loss of 84 000 jobs or a fall of 26 per cent), and for females it was from 296 200 to 183 300 (112 900 full-time jobs or 38 per cent). More starkly, teenagers' share of total full-time employment has fallen from 14 to 8 per cent. For males the fall has been from 7.3 to 4.4 per cent and for females it has been from 6.8 to 3.4 per cent.

**Table 1: Full-time labour force status of civilian population aged 15 to 19: Aug. 1977 to Aug. 1984**

| | Population ('000) | Employed full time ('000) | Unemployed & looking for full-time work ('000) | Full-time labour force ('000) |
|---|---|---|---|---|
| **Males** | | | | |
| Aug.1966 | 519.9 | 318.8 | 8.3 | 327.1 |
| Aug.1984 | 650.8 | 234.8 | 72.6 | 307.4 |
| Change | +130.9 | −84.0 | +64.3 | −19.7 |
| % Change | +25.2 | −26.4 | +774.7 | −6.0 |
| **Females** | | | | |
| Aug.1966 | 518.3 | 296.2 | 11.6 | 307.8 |
| Aug.1984 | 631.1 | 183.3 | 56.8 | 240.1 |
| Change | +112.8 | −112.9 | +45.2 | −67.7 |
| % Change | +21.8 | −38.1 | +389.7 | −22.0 |
| **Total** | | | | |
| Aug.1966 | 1038.2 | 615.0 | 19.9 | 634.9 |
| Aug.1984 | 1281.9 | 418.1 | 129.4 | 547.5 |
| Change | +243.7 | −196.9 | +109.5 | −87.4 |
| % Change | +23.5 | −32.0 | +550.3 | −13.8 |

**Source:** ABS Cat. Nos 6204.0 and 6203.0

A breakdown of these statistics into single years shows that the younger the job seeker the more devastating the collapse in full-time employment opportunities (see Tables 3 and 4). Despite the impossibility of combining statistical series from the Census (Table 3) and ABS Labour Force Surveys (Table 4), it is evident that whereas 15- to 17-year-olds have experienced a steady collapse in full-time labour market prospects, the situation for 18- and 19-year-olds has been much less adverse. In August 1984 only 3.6 per cent of 15-year-olds held full-time jobs, and the full-time labour force participation rate for

15-year-olds was 7.8 per cent. For 19-year-olds the full-time labour force participation rate was 69.5 per cent and some 57.5 per cent held full-time jobs (see Table 5).

**Table 2: Full-time labour force status of civilian population aged 15 to 19: Aug. 1966 to Aug. 1984**

| | Full-time labour force participation rate | Full-time employment/ population ratio | Full-time unemployment rate |
|---|---|---|---|
| **Males** | | | |
| Aug.1966 | 62.9 | 61.3 | 2.5 |
| Aug.1984 | 47.2 | 36.1 | 23.6 |
| **Females** | | | |
| Aug.1966 | 59.4 | 57.2 | 3.8 |
| Aug.1984 | 38.0 | 29.0 | 23.7 |
| **Total** | | | |
| Aug.1966 | 61.2 | 59.2 | 3.1 |
| Aug.1984 | 42.7 | 32.6 | 23.6 |

**Source:** ABS Cat. Nos 6204.0 and 6203.0

**Table 3: Teenage full-time employment by single year of age: Australia, 1976 and 1981 ('000)**

| | Males | | | Females | | |
|---|---|---|---|---|---|---|
| **Age** | 1976 | 1981 | % Change | 1976 | 1981 | % Change |
| 15 | 11.2 | 7.6 | −32 | 8.7 | 5.1 | −41 |
| 16 | 37.2 | 34.2 | −8 | 27.9 | 21.8 | −22 |
| 17 | 61.0 | 60.6 | −1 | 49.2 | 42.7 | −13 |
| 18 | 75.0 | 79.1 | +5 | 61.4 | 59.8 | −3 |
| 19 | 78.7 | 84.2 | +7 | 60.3 | 64.5 | +7 |
| 15–19 | 263.1 | 265.7 | +1 | 207.6 | 194.0 | −7 |

**Source:** Bureau of Labour Market Research (1985, p. 16)

**Table 4: Teenage full-time employment by single year of age: Australia, 1981 to 1984 (Aug) ('000)**

| Age | 1981 | 1982 | 1983 | 1984 | % Change |
|---|---|---|---|---|---|
| 15 | 13.8 | 12.5 | 8.3 | 9.5 | −31.2 |
| 16 | 56.5 | 51.8 | 41.7 | 45.7 | −19.1 |
| 17 | 111.3 | 104.3 | 88.2 | 86.3 | −22.5 |
| 18 | 152.8 | 142.4 | 123.0 | 131.1 | −14.2 |
| 19 | 172.6 | 157.5 | 145.4 | 145.6 | −15.6 |
| 15–19 | 506.9 | 468.5 | 406.7 | 418.1 | −17.5 |

**Source:** ABS Cat. No. 6203.0, Aug. 1981, 1982, 1983 & 1984

**Table 5: Teenage full-time labour market by single year of age (August 1984)**

| Age | Pop. ('000) | Emp. full-time ('000) | Unemp. and looking for full-time work ('000) | Full-time labour force ('000) | Full-time emp./ pop. ratio | Full-time labour force partic. rate % | Full-time unemp. rate % |
|---|---|---|---|---|---|---|---|
| 15 | 226.7 | 9.5 | 11.3 | 20.8 | 3.6 | 7.8 | 54.3 |
| 16 | 258.1 | 45.7 | 25.2 | 70.9 | 17.7 | 27.5 | 35.5 |
| 17 | 252.9 | 86.3 | 28.8 | 115.1 | 34.1 | 45.5 | 25.0 |
| 18 | 251.1 | 131.1 | 33.9 | 165.0 | 52.2 | 65.7 | 20.6 |
| 19 | 253.1 | 145.6 | 30.3 | 175.9 | 57.5 | 69.5 | 17.2 |

**Source:** ABS Cat. No. 6203.0, August 1984

Throughout the 1966 to 1984 period both population and teenage full-time labour force participation rate changes have eased the consequences of the collapse of full-time employment. The 15- to 19-year-old population expanded by 23.5 per cent over the period, significantly less than the percentage increase for 20- to 24-year-old young adults (55 per cent) and for adults 25 years of age and over (43 per cent). Over the same period the teenage full-time labour force participation rate fell from 61.2 to 42.7. For males the decline from 63 to 47 occurred mainly in the early 1970s and in the 1982–83 periods, but the female decline from 59.4 to 38.0 was more consistent throughout the period. It can be assumed reasonably that from 1974 on, the major contributory factor to declining participation in the full-time labour market was the decline in full-time employment opportunities. Had the teenage full-time labour force participation rate remained at the 1974 level (49.1) through to 1984, the teenage full-time unemployment rate in 1984 would have been 33.5 per cent and not the recorded 23.6 per cent.

When these changes are broken down by industry and occupation it is evident that teenage male full-time employment has become increasingly and disproportionately concentrated in industries and occupations in decline (manufacturing industry and the trades and related occupations). Teenage males are making up a larger proportion of a declining labour market in these areas. On the other hand, teenage female full-time employment has been concentrated in the expanding clerical and sales occupations (68 per cent in 1981), but their share of total full-time employment in these occupations has declined over time despite the fact that total full-time employment in these areas has expanded (Bureau of Labour Market Research (BLMR) 1985, Chapters 3 and 4).

Trends in apprenticeship have played an important role in the changing fortunes of teenagers in the full-time labour market. Some 93 per cent of all apprentices are male and, as indicated in Table 6, despite periods of decline in new indentures in the early 1970s, the mid 1970s and in 1982–83, the total number of apprentices in employment has increased over the period from

1970–71 to 1983–84. Thus while other areas of male teenage full-time employment have deteriorated, the apprenticeship system has held up, with the consequence of an increasing proportion of total teenage male full-time employment being made up by apprentices. Despite the overestimation inherent in Table 6 this effect has been significant – from 37 per cent in 1970–71 to 56 per cent in 1983–84. This explains the increasing concentration of teenage male full-time employment in the declining manufacturing industry and the declining trades occupations. It also goes a long way in explaining the differences between teenage male and female experiences in the teenage full-time labour market: teenage females do not have access to a structured training employment reserve which operates to maintain employment opportunities. To exacerbate this inequality in employment opportunities, the Commonwealth and State governments have significantly subsidised the overwhelmingly male apprenticeship labour market reserve. The difference in male and female access to apprenticeships is clearly illustrated in Table 7.

**Table 6: New indentures and total apprentices in training 1970–71 to 1983–84.**

| Year | New indentures | Total apprentices in training (a) | Total apprentices as a percentage of 15–19 year male full time employment (b) (c) |
|---|---|---|---|
| 1970–71 | 34 735 | 110 975 | 37.3 |
| 1972–73 | 31 894 | 116 664 | 39.1 |
| 1974–75 | 40 368 | 131 899 | 46.9 |
| 1976–77 | 38 680 | 123 200 | 43.7 |
| 1978–79 | 42 594 | 129 908 | 45.0 |
| 1980–81 | 48 790 | 140 786 | 48.2 |
| 1982–83 | 34 794 | 138 367 | 61.7 |
| 1983–84 | 39 974 | 130 855 | 55.7 |

**Source:** R. Sweet, unpublished table, 1985

(a) Source: Department of Employment and Industrial Relations
(b) Employment figures are taken from ABS Cat. No. 6203.0 (August) for the second of each pair of years.
(c) As many apprentices are older than 19, and as roughly 7 per cent are female, these percentages somewhat overestimate the proportions and are not comparable to the figures shown in Table 7.

The overall decline in teenage full-time employment since the mid 1960s has been strongly influenced by the imposition of staff ceilings in public sector employment, by the removal of discriminatory employment practices against married women (particularly in public-sector employment), by changes in the organisation of work and the utilisation of labour (for example, the casualisation of work in the retail sector), and by technological change. In turn, all of these factors have been exacerbated by the economic recession. It follows that, by

**Table 7: Estimated apprenticeship numbers as a percentage of full-time employment, males, females and persons aged 15 to 19, 1983.**

| | 15 | 16 | 17 | 18 | 19 | 15–19 |
|---|---|---|---|---|---|---|
| **Males** | | | | | | |
| CTEC estimate of apprentice numbers (a) | 2 941 | 10 700 | 23 000 | 35 700 | 26 800 | 99 141 |
| Apprentices as a percentage of full-time employment (b) | 43.2 | 36.6 | 43.6 | 46.2 | 30.4 | 39.0 |
| **Females** | | | | | | |
| CTEC estimate of apprentice numbers (a) | 729 | 2 500 | 2 600 | 3 000 | 2 100 | 10 929 |
| Apprentices as a percentage of full-time employment (b) | 17.5 | 11.8 | 6.5 | 5.0 | 3.4 | 5.8 |

**Source:** R. Sweet, unpublished table, 1985

(a) Apprenticeship numbers are estimated from TAFE stream 3 part-time enrolments. They are less than the total number of apprentices in training given in Table 6 both because they refer to a more narrow age range and because of non-attendance at TAFE by many apprentices, particularly those in their final year of indenture.

(b) Full-time employment estimates are taken from ABS *The Labour Force*, Cat. No. 6203.0, June 1983.

themselves, economic recovery and sustained growth would not solve the problems besetting the teenage full-time labour market. In its report, *Youth Employment Patterns*, the Bureau of Labour Market Research considered the probability of a significant recovery in the teenage full-time labour market, and concluded that:

> future levels of [teenage full-time] employment will depend largely on developments in only a few industries, namely manufacturing, wholesale and retail trade, finance and community services.
>
> (BLMR 1985, p. 73)

Moreover, the report points out that 'to the extent that policies to improve teenagers' share of employment are successful, they imply that other groups' shares will fall' (BLMR 1985, p. 72). In conclusion, the BLMR report states that:

> in the expanding service industries, which are crucial to teenagers' full-time employment prospects, there are few signs that the fall in teenagers' employment shares will cease in the near future. Within manufacturing and wholesale and retail trade, teenage males' [and females'] share of employment is also uncertain.
>
> (BLMR 1985, p. 75).

In short, it would appear that the teenage full-time labour market has undergone, or is undergoing, a long-term and permanent structural change which is progressively excluding 15-, 16- and 17-year-olds from the full-time labour market.

There is every reason to believe that the trend of the past twenty years will continue; that even with sustained economic growth over ten years, which is highly unlikely in itself, significant numbers of full-time jobs for 15-, 16- and 17-year-olds will not be created. The collapse of the full-time labour market for 18- and 19-year-olds has not been as devastating, and it is possible that full-time employment for these young people can be stabilised and can even pick up with sustained growth.

## The part-time teenage labour market

Tables 8 and 9 clearly show the dramatic increase in teenage part-time employment from August 1966 to August 1984. Between these dates the number of teenages holding part-time jobs increased by 129 700 or 355.3 per cent (from 36 500 to 166 200). For males the increase was from 19 000 to 66 700 (a gain of 47 700 part-time jobs or a 251.1 per cent increase), and for females it was from 17 500 to 99 400 (a gain of 81 900 part-time jobs or a 468 per cent increase). In August 1966 only 3.5 per cent of the teenage population held part-time jobs, but by August 1984 this had increased to 13 per cent, and for females it increased from 3.4 to 15.8 per cent.

**Table 8: Part-time labour force status of civilian population aged 15 to 19 years: Aug.1966 to Aug.1984**

| | Population ('000) | Employed part time ('000) | Unemployed looking for part-time work ('000) | Part-time labour force ('000) |
|---|---|---|---|---|
| **Males** | | | | |
| Aug.1966 | 519.9 | 19.0 | 0.5 | 19.5 |
| Aug.1984 | 650.8 | 66.7 | 12.8 | 79.5 |
| Change | +130.9 | +47.7 | +12.3 | +60.0 |
| % Change | +25.2 | +251.1 | +2460.0 | +307.7 |
| **Females** | | | | |
| Aug.1966 | 518.3 | 17.5 | 1.3 | 18.8 |
| Aug.1984 | 631.1 | 99.4 | 12.7 | 112.1 |
| Change | +112.8 | +81.9 | +11.4 | +93.3 |
| % Change | +21.8 | +468.0 | +1316.7 | +496.3 |
| **Total** | | | | |
| Aug.1966 | 1038.2 | 36.5 | 1.8 | 38.3 |
| Aug.1984 | 1281.9 | 166.2 | 25.5 | 191.7 |
| Change | +243.7 | +129.7 | +23.7 | +153.4 |
| % Change | +23.5 | +355.3 | +1316.7 | +400.5 |

**Source:** ABS Cat. Nos. 6204.0 and 6203.0

**Table 9: Part-time labour force status of civilian population aged 15 to 19 years: Aug. 1966 to Aug. 1984**

| | Part-time labour force participation rate | Part-time employment/ population ratio | Part-time unemployment rate |
|---|---|---|---|
| **Males** | | | |
| Aug.1966 | 3.8 | 3.7 | 2.6 |
| Aug.1984 | 12.2 | 10.3 | 16.1 |
| **Females** | | | |
| Aug.1966 | 3.6 | 3.4 | 6.9 |
| Aug.1984 | 17.8 | 15.8 | 11.3 |
| **Total** | | | |
| Aug.1966 | 3.7 | 3.5 | 4.7 |
| Aug.1984 | 15.0 | 13.0 | 13.3 |

**Source:** ABS Cat. Nos 6204.0 and 6203.3

A breakdown of these statistics by single year of age shows that teenage part-time employment is concentrated in the student population (see Tables 10, 11 and 12). Some 80 per cent of 15- to 17-year-old part-time work was held by full-time school students, and for 15- and 16-year-olds the proportion was 89.1 per cent in August 1984. In the same month, 17.2 per cent of 15- to 17-year-old school students held a part-time job, and only 9.1 per cent of 15- to 17-year-olds not attending school held part-time jobs. The part-time labour force participation rate was also significantly higher for 15- to 17-year-olds than for 18- and 19-year-olds (17 and 11.7 per cent respectively in August 1984).

It is evident from these statistics that the spectacular expansion in part-time work generally has not gone to those teenagers outside the education

**Table 10: The teenage part-time labour force by single year of age, August 1984**

| | 15 | 16 | 17 | 18 | 19 |
|---|---|---|---|---|---|
| Population ('000) | 266.7 | 258.1 | 252.9 | 251.1 | 253.1 |
| Employed part-time ('000) | 35.2 | 43.5 | 34.9 | 26.4 | 26.1 |
| Unemployed and looking for part-time work ('000) | 9.1 | 5.9 | 4.0 | 3.5 | 3.1 |
| Part-time labour force ('000) | 44.3 | 49.3 | 38.9 | 29.9 | 29.2 |
| Part-time employment/population ratio | 13.3 | 16.8 | 13.8 | 10.5 | 10.3 |
| Part-time labour force participation rate | 16.6 | 19.1 | 15.4 | 11.9 | 11.5 |
| Part-time unemployment rate | 20.5 | 12.0 | 10.3 | 11.7 | 10.6 |

**Source:** ABS Cat. No. 6203.0, August 1984

**Table 11: The teenage part-time labour force not attending school by single year of age, August 1984**

| | 15 | 16 | 17 | 18 | 19 |
|---|---|---|---|---|---|
| Population ('000) | 26.4 | 82.1 | 141.9 | 224.3 | 247.2 |
| Employed part-time ('000) | 2.7 | 5.9 | 14.1 | 21.8 | 25.5 |
| Unemployed and looking for part-time work ('000) | 0.4 | 0.7 | 0.9 | 2.8 | 2.8 |
| Part-time labour force ('000) | 3.1 | 6.6 | 15.0 | 24.6 | 28.2 |
| Part-time employment/population ratio | 10.2 | 7.2 | 9.9 | 9.7 | 10.3 |
| Part-time labour force participation rate | 11.7 | 8.0 | 10.6 | 11.0 | 11.4 |
| Part-time unemployment rate | 12.9 | 10.6 | 6.0 | 11.4 | 9.9 |

**Source:** ABS Cat. No. 6203.0, August 1984

**Table 12: Proportion of teenage part-time employment held by school students, single year of age, August 1984**

| Age | Employed part time ('000) | School students employed part time ('000) | Percentage |
|---|---|---|---|
| 15 | 35.2 | 32.5 | 92.3 |
| 16 | 43.4 | 37.5 | 86.4 |
| 17 | 34.9 | 20.8 | 59.6 |
| 18 | 26.4 | 4.6 | 17.4 |
| 19 | 26.1 | 0.7 | 2.7 |
| 15–17 | 113.5 | 90.8 | 80.0 |
| 18–19 | 52.5 | 5.3 | 10.1 |
| 15–19 | 166.0 | 96.1 | 57.9 |

**Source:** ABS Cat. No. 6203.0, August 1984

**Table 13: Part-time employment status of school students by single year of age, August 1984**

| Age | Number attending school ('000) | Employed part time ('000) | Percentage |
|---|---|---|---|
| 15 | 240.3 | 32.5 | 13.5 |
| 16 | 176.1 | 37.5 | 21.3 |
| 17 | 110.9 | 20.8 | 18.8 |
| 18–19 | 32.7 | 5.3 | 16.2 |

**Source:** ABS Cat. No. 6203.0, August 1984

system. Moreover, most of the part-time work is extremely marginal—characterised by low pay, few hours, little job security and no career path. It would appear that employers prefer students as part-time employees and that

students are prepared to accept the poor conditions pertaining – they treat the job as a temporary means of earning pocket money and not as a potential career. The Bureau of Labour Market Research report, *Youth Employment Patterns* concluded that:

> *the concentration of teenage part-time employment among students, the satisfaction with the few hours worked a week and the lack of movement between full-time and part-time jobs all indicate that, for teenagers at least, the full-time and part-time labour markets are segmented.*
>
> (BLMR 1985, p. 15)

Just as with teenager full-time employment, teenage part-time employment is heavily concentrated in a few industries and occupations. In 1981 some 42.4 per cent of male teenage part-time employment was in the wholesale and retail industry, and for females the percentage was 56.5. Again, in 1981 some 35.5 per cent of male teenage part-time workers were employed as production process workers and labourers, and 27 per cent were employed in sales occupations. Teenage female part-time work was concentrated in the sales (43 per cent), clerical (22 per cent) and recreational (19.4 per cent) occupations.

The loss of full-time employment opportunities for teenagers has not and will not be compensated for by the increase in the largely casual part-time employment opportunities which has benefited students. There is every reason to believe that the trend to casualisation of work in the wholesale, retail and recreational areas will continue unless there is a concerted effort by unions and the industrial tribunals to institutionalise permanent part-time work with *pro rata* entitlements and to concomitantly reduce casual employment in these occupational areas.

To summarise, the changes in teenage full-time and part-time employment patterns mean that, compared to older teenagers (18- and 19-year-olds), younger teenagers (15- to 17-year-olds) have lower labour force participation rates, are much less likely to be engaged in full-time employment, have suffered much more from the collapse of the teenage full-time labour market, are more likely to hold casual part-time jobs while they attend school, and experience higher rates of unemployment. The trends in these directions have been fairly consistent over the past twenty years and there is every reason to believe that they will continue notwithstanding the possibilities of sustained economic recovery and growth.

## Educational participation*

Just as our understanding of trends and changes in the teenage labour market has been limited by inadequate attention to disaggregation by age, sex and type of employment, our understanding of patterns of educational participation has been distorted by inadequate attention to disaggregation. Such distortion is

* I am endebted to unpublished work by Richard Sweet for much of the analysis of educational participation presented in this section, and for a number of the tables.

evidenced in the title of Chapter 4 of *Learning and Earning* published by the Commonwealth Tertiary Education Commission (CTEC) in 1982: 'The retreat from education – a labour market perspective'. Their analysis was based on the observations that between 1975 and 1981 the proportion of 15- to 19-year-olds participating in schooling fell from 36.3 to 34.0 per cent; that the decline for males was from 37.2 to 34.4; and that the proportion of 17- to 21-year-olds participating in higher education also fell from 10.2 per cent in 1975 to 9.2 per cent in 1980.

However, if a longer time scale is used, (one which corresponds with the decline in the teenage full-time labour market) and if participation is broken down by sex and single year of age, a more accurate picture is gained. Through the 1960s there had been a pattern of uniform growth in school participation rates. Table 14 shows that this trend was replaced from 1974 by divergent patterns according to age and sex. For 15-year-olds there has been fairly consistent and significant increase of 9 percentage points (from 79.5 per cent in 1971 to 88.5 per cent in 1983). For 15-year-old males there were two short periods of falling educational participation, from 1972 to 1974 and from 1978 to 1980, but these were not sufficient to interrupt the long-term trend.

**Table 14: Percentage age participation, all schools, selected years 1971 to 1983**

| Age | 1971 | 1972 | 1974 | 1976 | 1978 | 1980 | 1982 | 1983 |
|---|---|---|---|---|---|---|---|---|
| **Males** | | | | | | | | |
| 15 | 81.5 | 82.3 | 80.5 | 83.8 | 86.4 | 85.7 | 86.0 | 88.5 |
| 16 | 56.6 | 56.7 | 55.0 | 57.7 | 58.2 | 56.4 | 56.2 | 61.4 |
| 17 | 32.5 | 33.3 | 31.1 | 31.4 | 30.5 | 28.2 | 27.9 | 32.1 |
| **Females** | | | | | | | | |
| 15 | 77.4 | 79.2 | 79.8 | 83.6 | 86.5 | 86.5 | 86.9 | 88.5 |
| 16 | 48.3 | 49.5 | 51.0 | 56.9 | 59.6 | 58.5 | 59.6 | 62.8 |
| 17 | 24.4 | 25.8 | 27.6 | 30.7 | 32.5 | 30.7 | 31.9 | 35.1 |
| **Total** | | | | | | | | |
| 15 | 79.5 | 80.5 | 80.2 | 83.7 | 86.5 | 86.1 | 86.5 | 88.5 |
| 16 | 52.5 | 53.3 | 53.0 | 57.3 | 58.9 | 57.4 | 57.9 | 61.9 |
| 17 | 28.5 | 29.6 | 29.4 | 31.1 | 31.5 | 29.4 | 30.2 | 33.5 |

**Sources:** Commonwealth Department of Education; Commonwealth Schools Commission, *Australian Schools Statistics* AGPS, Canberra, 1984; and ABS, *Australian Youth Population 1984*, Cat. No. 4111.0

For female 15-year-olds the trend has been much more consistent with an overall increase of 10.9 percentage points. The 16-year-old educational participation trends have paralleled those for 15-year-olds with the only significant difference being the greater divergence in the male and female rates of increase (3.8 percentage points for males and 14.5 for females). As a result of this variance female 16-year-old school participation rates moved from being significantly lower than that for males in 1971 to being higher in 1983. This variation in trends for males and females has been strongest for 17-year-olds. For 17-year-old males there was a steady fall in school participation from 1972 (33.3 per

cent) to 1982 (27.9 per cent) before there was a sharp and sudden increase in 1983 (up to 32.1 per cent) and a further increase in 1984. This sudden increase paralleled the dramatic collapse in new indentures for apprenticeships in the 1982–83 period. In sharp contrast, the school participation rates for 17-year-old females showed a steady increase from 1971 (24.4 per cent) to 1978 (32.5 per cent), a decline to 1980 (30.7 per cent) and another rise to 35.1 per cent in 1983. Only a very male perspective of the world could interpret these patterns as a 'retreat from education'.

Tables 15 and 16 show the changing patterns of overall educational participation, both full and part-time. While it is evident that participation in CAE and university education by teenagers has fallen, the increases in school and TAFE participation more than compensate. All sector full-time educational participation by 15- to 19-year-olds increased from 43.3 per cent to 48.1 per cent between 1975 and 1983. For part-time participation the increase was from 14.0 per cent to 18.1 per cent. When total educational participation is broken down into single years of age by sex it is clear that the general increase has been much greater for females for all ages than for males, and that the most dramatic increase occurred among 16-year-olds and 17-year-old females.

**Table 15: Percentage participation in education by age, sector and attendance mode, selected years 1975 to 1983**

| Mode of attendance | | 15 to 19 Years | | |
|---|---|---|---|---|
| | | 1975 | 1981 | 1983 |
| Schools | | 34.8 | 34.8 | 38.2 |
| TAFE | Full-time | 2.0 | 3.4 | 3.9 |
| | Part-time | 13.2 | 17.3 | 17.3 |
| CAEs | Full-time | 2.9 | 2.5 | 2.8 |
| | Part-time | 0.3 | 0.4 | 0.4 |
| University | Full-time | 3.1 | 2.8 | 2.9 |
| | Part-time | 0.2 | 0.2 | 0.2 |
| All Sectors | Full-time (a) | 43.3 | 44.0 | 48.1 |
| | Part-time (a) | 14.0 | 18.2 | 18.1 |
| | Total (a) | 57.3 | 62.2 | 66.2 |

**Source:** Commonwealth Tertiary Education Commission

(a) These totals include attendance at non-government business colleges etc. and therefore do not equal the aggregate of the school, TAFE, CAE and University attendance.

**Table 16: Percentage total educational participation by single years of age and sex, 1975 and 1983**

| Age | Males | | Females | | Persons | |
|---|---|---|---|---|---|---|
| | 1975 | 1983 | 1975 | 1983 | 1975 | 1983 |
| 15 | 86.1 | 95.1 | 85.1 | 96.6 | 85.6 | 95.8 |
| 16 | 69.8 | 86.7 | 65.1 | 87.6 | 67.5 | 87.2 |
| 17 | 62.6 | 66.3 | 45.5 | 60.2 | 54.2 | 63.3 |
| 18 | 52.5 | 53.1 | 30.0 | 38.3 | 41.4 | 45.9 |
| 19 | 43.5 | 47.0 | 26.0 | 32.4 | 34.9 | 39.9 |

**Source:** Commonwealth Tertiary Education Commission

While these increases in full-time educational participation have not fully compensated for the collapse in the teenage labour market, they have had a significant ameliorating effect. Table 17 gives an indication of this effect. In developing this table Richard Sweet assumed that had educational participation not risen after 1975, the number entering the labour market would have been greater than the number actually observed; that the available quantum of employment would not have been influenced by the increased labour supply; and that the increased labour supply would have been translated into increased youth unemployment. The table shows the number of unemployed not participating in full-time education in August 1983, and an estimate of what those numbers would have been had the full-time educational participation rate not increased from the 1975 level.

**Table 17: Not in full-time education, unemployed and seeking full-time work, August 1983: Actual and estimated assuming 1975 levels of full-time educational participation**

| Age | Numbers unemployed | | Unemployment rates | |
|---|---|---|---|---|
| | Actual | Estimated | Actual | Estimated |
| 15 | 6 200 | 25 700 | 36.0 | 70.1 |
| 16 | 20 000 | 49 400 | 28.4 | 49.5 |
| 17 | 30 300 | 49 300 | 23.0 | 32.6 |
| 18 | 37 900 | 41 400 | 20.3 | 21.7 |
| 19 | 35 500 | 37 100 | 16.0 | 17.5 |
| 15–19 | 129 900 | 202 900 | 21.1 | 29.4 |

**Source:** Richard Sweet, unpublished table, 1985. Derived from ABS, *The Labour Force* August 1983, Cat. No. 6203.0 and CTEC unpublished tables

If the 15- to 19-year-olds' full-time educational participation rate stayed at the 1975 level (43.3 per cent) through to 1983 instead of increasing as it did to 48.1 per cent, an additional 73 000 teenagers would have been unemployed and looking for full-time work and the full-time unemployment rate would have been 29.4 per cent rather than the 21.1 per cent recorded in August 1983. For 15-year-olds the increase in full-time educational participation had its greatest effect: a reduction of 19 500 in the number unemployed and an unemployment rate of 36.0 per cent rather than 70.0 per cent. For 17-year-olds the number unemployed and looking for full-time work would have increased from 30 300 to 49 300, and the unemployment rate would have risen from 23.0 per cent to 32.6 per cent. For 18- and 19-year-olds, among whom full-time educational participation grew much more slowly and for whom the full-time labour market deterioration was much less severe, the effect was quite minor.

From this analysis it is quite obvious that there has been a high correlation between the deterioration in the full-time labour market for 15- to 17-year-olds and the increase in their full-time educational participation. For this age group, and more particularly for 15- to 17-year-old females, there has been a flight to education and not a retreat from education. However, as indicated

previously, the flight to education has not fully compensated for the loss of full-time jobs, and there has been a significant increase in teenage unemployment.

## Unemployment trends and non-participation

Tables 1 and 2 presented figures on the growth in the number of 15- to 19-year-olds unemployed and looking for full-time work, and Tables 8 and 9 presented the changes in the numbers unemployed and looking for part-time work between August 1966 and August 1984. For males the full-time unemployment rate increased from 2.5 to 23.6 per cent and the part-time unemployment rate increased from 2.5 to 22.1 per cent. For females the increases were from 3.8 to 23.7 per cent and from 6.9 to 11.3 per cent respectively. Table 18 presents data on aggregate unemployment rates and on the duration of unemployment from August 1974 to August 1984. Over that period the 15- to 19-year-old unemployment rate increased from 5.8 per cent to 21.0 per cent, and the average duration of unemployment increased from 7.8 weeks to 28.9 weeks. For males the rate increased from 5.0 to 22.1 per cent and the average duration increased from 7.3 to 28.6 weeks, and the increases for females were from 6.7 to 19.7 per cent and from 8.1 to 29.2 weeks.

**Table 18: Unemployment among 15- to 19-year-olds, 1974 to 1984**

| | Unemployment rates | | | Average duration (weeks) | | |
|---|---|---|---|---|---|---|
| August | Males | Females | Persons | Males | Females | Persons |
| 1974 | 5.0 | 6.7 | 5.8 | 7.3 | 8.1 | 7.8 |
| 1975 | 10.8 | 15.1 | 12.9 | 12.5 | 13.7 | 13.2 |
| 1976 | 12.7 | 15.8 | 14.2 | 19.5 | 17.6 | 18.5 |
| 1977 | 15.8 | 20.3 | 18.0 | 19.8 | 22.3 | 21.1 |
| 1978 | 16.4 | 19.0 | 17.5 | 19.9 | 27.2 | 23.5 |
| 1979 | 15.8 | 20.6 | 18.1 | 23.0 | 24.9 | 25.9 |
| 1980 | 15.3 | 18.7 | 17.1 | 21.4 | 25.0 | 26.7 |
| 1981 | 13.6 | 17.9 | 15.6 | 20.2 | 23.8 | 25.4 |
| 1982 | 16.8 | 19.3 | 18.0 | 21.5 | 26.7 | 24.0 |
| 1983 | 23.3 | 23.3 | 23.3 | 32.0 | 32.1 | 32.1 |
| 1984 | 22.1 | 19.7 | 21.0 | 28.6 | 29.2 | 28.9 |

**Source:** ABS Cat. No. 6203.0

These figures, however, are inadequate: to the extent that they do not provide single year of age information; to the extent that they conflate those seeking full-time and part-time employment; to the extent that they do not exclude those who are full-time students while seeking work; and to the extent that they do not include the discouraged job seekers and others not participating in either full-time education or in the full-time labour market. For example, while the unemployment rate for teenage males was higher than that for teenage females in August 1984, a much larger proportion of teenage females fell into the category of those in neither full-time education nor full-time labour force.

Tables 19, 20 and 21 present data for June 1983 on the education and labour force activities of 15- to 19-year-olds, with a breakdown by age and by reference to full-time educational participation, full-time employment, being unemployed and looking for full-time work and to those not in either full-time education or the full-time labour force.

The figures are presented in percentage terms, and the aggregation of the unemployed and seeking full-time work and the not-in-full-time education or the full-time labour market categories provides an indication of the target population for government policy development. Whereas some 10.4 per cent of 15- to 19-year-olds were unemployed and seeking full-time work, there was a further 7.1 per cent in the residual category. For males the percentages were 11.0 and 3.3 per cent respectively, and for females 9.8 per cent were unemployed and looking for full-time work and 11.0 were in the residual category. Thus some 14.3 per cent of 15- to 19-year-old males were in the policy target group, and for females the figure was 20.8 per cent.

**Table 19: Education and labour force activity of 15- to 19-year-olds, June 1983 (per cent)**

| Activity | 15(a) | 16(a) | 17 | 18 | 19 | 15-19 |
|---|---|---|---|---|---|---|
| Full-time education (b) | 89.1 | 68.6 | 44.3 | 22.1 | 17.8 | 48.1 |
| Full-time employment | 4.3 | 19.8 | 36.9 | 53.6 | 56.6 | 34.4 |
| Unemployed seeking full-time work (c) | 2.2 | 8.4 | 14.4 | 14.4 | 12.5 | 10.4 |
| Other (d) | 4.4 | 3.2 | 4.4 | 10.0 | 13.1 | 7.1 |
| Target group | 6.6 | 11.6 | 18.9 | 24.4 | 25.6 | 17.5 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

(a) Age data for tertiary institutions is collected as 16 years and under. The distribution between 15- and 16-year-olds has been estimated from other data.

(b) Includes full-time school, full-time TAFE, full-time CAE, full-time university and full-time non-government business colleges.

(c) Excludes school students classified as unemployed and seeking full-time employment, but does not exclude full-time tertiary students seeking full-time employment.

(d) A balancing entry obtained by substraction. The category includes those marginally attached to the labour force (in part-time labour force), those marginally attached to education, those in institutions, and those in receipt of a range of pensions and benefits such as Sickness Benefit, Special Benefit, Sole Parents Benefit, Invalid Pension etc.

**Source:** Richard Sweet, unpublished table, 1985 Schools: *ABS National Schools Statistics Collection, Australia.*
TAFE: CTEC unpublished tables of Stream 1 to 5 students.
Higher Education: CTEC Annual Collections
Full-time Employed: ABS unpublished labour force data, Feb 1978 to July 1984 (on microfiche)
Unemployed seeking full-time work: ibid
Total: ABS, *Estimated Resident Population: States and Territories of Australia*, June 1983, Cat. No. 3201.0.

**Table 20: Education and labour force activity of 15- to 19-year-old males, June 1983 (per cent)**

| Activity | 15(a) | 16(a) | 17 | 18 | 19 | 15–19 |
|---|---|---|---|---|---|---|
| Full-time education (b) | 89.0 | 66.4 | 42.1 | 21.5 | 17.5 | 47.0 |
| Full-time employment | 5.1 | 22.4 | 41.0 | 58.8 | 65.0 | 38.7 |
| Unemployed and seeking full-time work (c) | 2.2 | 8.7 | 15.1 | 15.2 | 13.5 | 11.0 |
| Other (d) | 3.6 | 2.4 | 1.8 | 4.5 | 4.1 | 3.3 |
| Target group | 5.8 | 11.1 | 16.9 | 19.7 | 17.6 | 14.3 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

(a), (b), (c), (d) as for Table 19
**Source:** as for Table 19

**Table 21: Education and labour force activity of 15- to 19-year-old females, June 1983 (per cent)**

| Activity | 15(a) | 16(a) | 17 | 18 | 19 | 15–19 |
|---|---|---|---|---|---|---|
| Full-Time education (b) | 89.1 | 71.0 | 46.6 | 22.6 | 18.1 | 49.2 |
| Full-time employment | 3.3 | 17.0 | 32.7 | 48.1 | 47.9 | 30.0 |
| Unemployed and seeking full-time work (c) | 2.3 | 8.0 | 13.5 | 13.6 | 11.5 | 9.8 |
| Other (d) | 5.3 | 4.0 | 7.2 | 15.7 | 22.5 | 11.0 |
| Target group | 7.6 | 12.0 | 20.7 | 29.3 | 34.0 | 20.8 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

(a), (b), (c), (d) as for Table 19
**Source:** as for table 19

These percentages (14.3 for males and 20.8 for females) are much more realistic estimates of the proportion of 15- to 19-year-old males and females at risk in the transition from school to work or further study than are the percentages unemployed. For 16- to 19-year-old males the residual group is significantly smaller than the proportion unemployed seeking full-time work. For females, the residual group is larger for 15-, 18- and 19-year-olds whereas for 16- and 17-year-olds the residual group is approximately half the size of the unemployed and looking for full-time work group. The younger the age, the smaller the proportion of the population at risk with only 5.8 per cent of 15-year-old males and 7.6 per cent of 15-year-old females being at risk. For 19-year-olds the proportions at risk were 17.6 per cent of males and 34.0 per cent of females.

Table 22 provides data on the number of 15- to 19-year-olds at risk in June 1983. The total at-risk population was 220 800 with 92 200 males and 128 300 females being at risk. Of these some 92 600 were from 15 to 17 years of age – the target group for post-compulsory educational reform aimed at increasing educational participation. This represents 12.2 per cent of the 15- to 17-year-old population. These estimates require further refinement, however, to account

for the small proportion of the 15- to 19-year-old population which can be assumed reasonably to be unable to participate in either full-time work, full-time education, full-time vocational training or any full-time combination of these. This group includes those in receipt of welfare payments by virtue of sickness, disability or responsibility for dependents, and those mothers who are responsible for children under the age of one year. Sweet, in unpublished work, has estimated that this grouping makes up 0.5 per cent of 15-year-olds, 1.8 per cent of 16- and 17-year-olds, and 4.2 per cent of 18- and 19-year-olds, or 2.5 per cent of 15- to 19-year-olds. This means that the at- risk or residual group makes up 6.1 per cent of 15-year-olds, 13.4 per cent of 16- and 17-year-olds, 20.8 per cent of 18- and 19-year-olds, or 15.0 per cent of 15- to 19-year-olds.

**Table 22: Numbers of 15- to 19-year-olds at risk in transition, June 1983 ('000)**

| | 15 | 16 | 17 | 18 | 19 | 15–19 |
|---|---|---|---|---|---|---|
| Unemployed and seeking full-time work | 5.6 | 21.1 | 35.6 | 35.9 | 32.2 | 131.2 |
| Other | 11.3 | 8.0 | 10.9 | 25.0 | 33.7 | 89.6 |
| Total | | | | | | |
| Males | | | | | | 92.2 |
| Females | | | | | | 128.3 |
| Persons | 16.9 | 29.2 | 46.5 | 60.9 | 65.9 | 220.8 |

**Source:** Tables 19, 20 & 21, and ABS Cat. No. 6203.0

## Youth crisis

The past twenty years have seen the virtual destruction of the 15-year-old full-time labour market and a halving of it for 16- and 17-year-olds. For 18- and 19-year-olds the collapse has not been as dramatic. Over the same period there has been the development of a segmented teenage part-time labour market which is marginal in every sense of the word and which is the virtual preserve of full-time students.

Young people have responded to these changes. More and more 15- to 17-year-olds are staying at school for longer periods of time and the current generation of school leavers is more highly educated than any previous generation. However, while the minimum educational requirements for most occupations have not been formally raised, increased labour market competition has set in place a de facto increase. Many young people with the formal educational requisites for employment are unable to compete effectively for scarce jobs as credentialism takes its toll. This is particularly the case for young women who have to compete in a highly gender segmented labour market and who do not enjoy the job protection afforded young males by the apprenticeship system.

For those young people who have the economic and cultural capital to compete successfully in the education and labour markets, the pressure is on

to study hard and not to be distracted by extra-curricula activities. This rational reaction to changed circumstances has led to what has been termed the 'new conservatism' of young people. The questioning of society by young people in the 1960s which led Keniston to define a stage of 'youth' falling between adolescence and adulthood was prefaced on the expectation of future economic security. From this basis, demands developed for improvements in society and the quality of life. At that time the resolution of questions which defined adulthood could be postponed by young people without putting their future at risk. The essential difference between then and now is that many of today's generation of young people have been precluded from making the decisions which define adulthood: the question of their relationship to existing society, the question of vocation and the questions of life style and social role. For those young people with no reasonable prospects of finding work, let alone choosing a vocation, there can be no prospect of actively and positively answering the questions of adulthood. For those who have unemployment and other forms of inactivity imposed upon them, the questions of life style, social role and vocation are decided for them and imposed on them.

It is in the light of these changed circumstances that the youth lobby in Australia has advanced the demand for 'empowerment'. The demand for 'empowerment' is a demand for young people to have the opportunity to answer positively the questions that define adulthood. To the extent that young people are precluded from answering those questions, society has failed young people. The labour market has failed them and the schooling system has failed them. Many young people have a sense that society has betrayed them. The 1960s generation was a generation of hope and a generation which believed it could change the world. The 1980s generation of teenagers is the generation of no hope, 'no future'. Many young people have been disenfranchised.

## The response to the crisis

This is not the place to undertake a detailed analysis of governments' past responses to the developing crisis facing young people and society. As indicated earlier, all the State governments have commissioned major reviews of their secondary education system, of which the Victorian Government's Blackburn Report (1985) is the most recent. Similarly, the Commonwealth Government has received the Williams Committee Report, *Education, Training and Employment* (1979) (see Freeland & Sharp 1981); *Learning and Earning*, a two-volume study of education and employment opportunities for young people published by the Commonwealth Tertiary Education Commission (1982); *Youth Policies, Programs and Issues*, a background report produced by the Commonwealth Department of Education and Youth Affairs in 1983 for the OECD; the OECD Review of Youth Policies in Australia (1984); and the Kirby Committee Report (1985).

## The education response

For much of the 1970s the debate about educational reform gave the appearance of being based on an inadequate understanding of the long-term changes taking place. The Williams Committee Report published in 1979 was significant in that it attempted to change the focus of educational debate from a concern about equality and diversity to a concern for quality, efficiency and answerability as though the two sets of objectives were mutually exclusive (see Freeland & Sharp 1981; Watkins 1984). This report also gave support to the argument that there had to be a return to the educational basics and that, if this were done, young people would be more competitive in the labour market. The announcement of the national School to Work Transition Education Program in 1979 reflected this line of thinking. The objective was to identify those young people 'at risk' in the transition from school to work and to develop special compensatory but marginal educational programs for them in the schools and TAFE colleges. As Berkeley (1983) has pointed out, the provision of these marginal programs did little to help the participants and did even less to move the whole schooling system in the direction of mainstream reform.

Over the past few years, however, there has emerged a broad appreciation of the fact that what is required is a comprehensive mainstream reform of secondary schooling and, in particular, post-compulsory educational provision with a view to encouraging all young people to complete secondary education or its equivalent. This objective is clearly stated in the Participation and Equity Program (PEP) legislation:

> • To encourage all young persons to participate in education and training at schools or technical and further education institutions or in other forms of education and training until they have completed a full secondary education or its equivalent; and
> • To ensure that, as far as practicable, the education and training provided in schools and technical and further education institutions offer all young people equal opportunities to develop their individual talents and abilities and thereby to ensure more equitable outcomes of education.
>
> (Commonwealth Schools Commission, 1985, p. 35)

The various State governments have also moved to set in place the necessary reforms to achieve the same objective. Berkeley of the Queensland Education Department clearly enunciated the concerns underlying these moves when he wrote in the *National Clearinghouse of Transition from School Newsletter* in 1983:

> 1983 is not 1979. We are now much more aware that unemployment, and youth unemployment in particular, is not simply the result of schools failing; indeed, it is not just a result of the 1975 born recession and will not disappear when the economy recovers . . . Against this scenario solutions to contemporary problems that seek to increase the competitiveness of young people entering the labour market are, if not doomed to failure, at best cosmetic and band-aidish . . . there is a need for a restatement of the goals and guidelines of the transition program and a reconsideration of who constitutes the target population . . .

> There is a growing belief . . . that the organisational structures of our schools and further and tertiary education institutions are too committed to past objectives to cope adequately with all of today's and tomorrow's needs . . . A first step might be to accept that transition education and secondary education are in effect synonymous terms and to plan to ensure provision for secondary education that is more aware of and attempts to cater more for the after school needs of those facing the change from youth to adulthood.
>
> (Berkeley 1983, pp. 90–3)

From this it is evident that the debate about education and the perspective of the education policy makers have changed significantly over the past fifteen years. From a naive evangelistic assertion of autonomy for the educational institutions to pursue liberal progressive objectives as a good in their own right, there was a wild swing in the pendulum as rising unemployment was blamed on the schools and as the back-to-basics lobby took advantage of the changed circumstances. The labour market was back with a vengeance and programs such as the Education Program for Unemployed Youth (see Freeland 1981) and the School to Work Transition Program (see Freeland 1980) were manifestations of the push to reorientate schools and schooling. In turn, the inadequacy of this policy response became apparent to the policy makers in government and bureaucracy, and the pendulum has moved back to the demand for comprehensive reform to structures and processes of schooling. However, this time around the demands for reform are based on a more sure footing: the school–work relationship is no longer rejected, is better understood and has been incorporated into proposals for progressive reform. To this extent the current debate about educational reform is better informed than the earlier debates and, as a consequence, is more likely to be successful.

An important aspect of this broader awareness of the problems confronting young people is the growing understanding among educationists that to be successful, educational reform must be integrated and co-ordinated with the development of more appropriate employment and training programs. This realisation begs the question of integration with which employment and training programs: would it be adequate to integrate the existing array of programs uncritically? Moreover, would it be possible given the existing division of policy and administrative responsibilities?

## The employment and training-program response

Over the past decade a complex array of employment and training programs have been developed by the Commonwealth Department of Employment and Industrial Relations (DEIR). In the 1984–85 budget some $989 million was allocated to these programs. From the past decade's experience much has been learned from the ad hoc and piecemeal program responses to politically sensitive developments in the labour market. These lessons are encapsulated in the Kirby Committee Report which argued that labour market policy has not responded adequately to changes in the international and domestic economic and social conditions, and that the failure is reflected in:

- a social welfare system directed towards temporary income support, despite the significant increase in the number of people spending long periods out of work;
- training arrangements which have continued to be concentrated in traditional areas and have not developed to match labour market changes; and
- slow progress in developing policies which take account of the employment and social implications of technological change, despite considerable discussion about the pace and nature of such change.

(Kirby Committee Report 1985, p. 92).

Moreover,

- labour market policy in Australia has evolved in the absence of a comprehensive, integrated and clearly defined set of priorities that is consistent with the Government's overall economic and social objectives;
- labour market programs have tended to develop in an ad hoc way with little attention being given to the links between different DEIR program areas or to the rationalisation of programs;
- the current array of labour market programs has been developed and presented in such a complex way as to cause considerable confusion;
- the approach appears to be reactive rather than planned, with emphasis on short term perceptions of the labour market; and
- the links between labour market programs and other relevant areas of intervention, such as post-secondary education and income support, are not sufficiently developed.

(Kirby Committee Report 1985, p. 90).

DEIR's traditional classification of programs into those which promote efficiency and those which promote greater equity is rejected by the report on the grounds that all employment and training programs are 'concerned, to some extent, with both equity and efficiency' (Kirby Report 1985, pp. 63–4); and because many of the programs with specific equity objectives (the Special Youth Employment Training Program and the Special Training Program) actually serve to lock the participants out of the primary labour market and hence reinforce labour market segmentation and inequality. In the same vein, the report observes that 'females have fared poorly in terms of access to the whole range of labour market programs' (Kirby Report 1985, p. 68); that older workers are discriminated against by the existing array of programs (p. 68); and that people born overseas, Aborigines and people with disabilities are severely under-represented in labour market programs (p. 75, pp. 94–8). To make matters worse, the Committee pointed out that the existing eligibility criteria for program participation exclude many of the jobless (the discouraged jobseekers or the hidden employed) (pp. 94–5, p. 98), and that the 'current conditions for the receipt of unemployment benefit act as barriers for many who wish to take positive action to improve their long term prospects' (Kirby Report 1985, p. 93).

None of these criticisms of DEIR employment and training programs are new, but together they represent a formidable list of things to be corrected

if the elusive goal of a comprehensive labour market policy and provision is to be realised. There are, however, a range of structural impediments which must be resolved before a rational and coherent array of programs can be developed and integrated with educational reforms.

The development of employment and training programs in the 1970s and early 1980s created a number of conflicts over areas of responsibility. First, as indicated by the Kirby Committee Report (pp. 182–3), employment and training programs as a relatively new area of public sector activity sit somewhat uneasily between the traditional areas of industrial relations on the one hand and education and vocational training on the other. Second, the move to incorporate more formal vocational education and training in employment and training programs in the second half of the 1970s has created increased tension between the Commonwealth (with constitutional responsibility for maintaining full employment and providing income support) and the States (with constitutional responsibility for education and vocational training) over administrative responsibility. Third, the division of training responsibilities between the public and private sectors has been confused by the growth of employment and training programs.

Historically, responsibility for labour market policies and programs has been carried by departments of labour and industrial relations. So long as those programs contained no formal vocational education, that allocation of responsibilities appeared rational and was uncontentious. The CES had long been administered within the Department of Employment and Industrial Relations and it was the obvious body to deliver employment and training programs at the local level. However, the trend has been towards a greater vocational education emphasis in programs (the Education Program for Unemployed Youth, the School to Work Transition Program, Skills in Demand and General Training Assistance formal training allowances, the Special Training Program formal training allowances, the Labour Adjustment Training Arrangements, the Experimental Training Program and the Participation and Equity Program). Employment and training programs have thus become increasingly dependent on TAFE and this has been the source of growing conflict. Ever since the publication of the Kangan Committee Report, *TAFE in Australia* (1974), TAFE has moved closer to a commitment to broad generic vocational and general education with a concern for developing individuals' potential within the realities of employment opportunities. On the other hand DEIR has tended to emphasise narrow vocational training through the development of short and highly specific training courses. It wants to be able to identify a training need and then contract the provision of that training to either TAFE or a private training institution. Accordingly, DEIR has attempted to contract TAFE colleges and thus influence TAFE provision from the edges. TAFE's position is that it should have total responsibility for the design and development of courses and if DEIR wants TAFE to run courses it should provide money to be allocated through the normal National TAFE Council channels.

These tensions have been replicated at the state level with conflicts between departments of industrial relations, employment and training and TAFE.

The Kirby Committee argued that the influence of industrial relations departments on employment and training program development has been too pervasive; that education authorities should be accorded an influence equal to that of industrial relations; and that the lack of cohesion in the education, training and employment area:

> results in large part from weaknesses in the machinery established for developing policies and programs in these areas and, in particular, from the inadequacy of the structures for co-ordinating and providing national direction.
>
> (The Kirby Report 1985, p. 183)

The Committee's preferred administrative model was the one that existed in Victoria at the time: separate departments of industrial relations, employment and training, and education/TAFE, with the Ministry of Employment and Training co-ordinating employment and training programs in close co-operation with the other two departments. It is quite ironic that political expediency led to the re-amalgamation of the Victorian departments of industrial relations and employment and training after the 1985 state elections. The model which was being emulated in other states was suddenly destroyed.

As the orientation of employment and training programs moved towards formal training and public-sector work-experience (job creation) programs, the Commonwealth had to turn to the States to implement and administer its programs. This development has been paralleled by most States reforming their departmental structures and responsibilities, thus enhancing their capacity in the employment and training policy and program areas. With the increased responsibilities and capacities, the States began to press their claims for increased involvement in the development of broad employment and training policy objectives, the development of specific programs and in their administration. A further muddying of the Commonwealth–State conflict has occurred as a result of a number of States developing their own programs which frequently duplicate Commonwealth programs. DEIR in Canberra has maintained the position that it controls the money and carries ultimate responsibility for how it is spent. From this it argues that it is best placed to determine policy objectives, develop specific programs, set their guildelines and to ensure uniform provision throughout Australia.

The present situation is one in which a range of employment and training programs, developed in ad hoc manner, fail to cater for the needs of the disadvantaged. The central office of DEIR believes it is best placed to develop and administer the programs despite the abundant evidence that it has failed abysmally to date. It wants to increase its central control, particularly over vocational education and training in TAFE. TAFE wants control over its course development and it seeks a larger role in the development of broad policies and of programs. The DEIR regional (State) offices want a significant decentralisation of administrative responsibility and increased discretion, but they do not want to see the States assume more power. For their part, the State

training authorities want a meaningful role in the development of policy objectives and programs and the major responsibility for program delivery and administration. The National Training Council believes it is well placed to play a much larger part in the whole area. Finally, the community sector wants significant devolution of responsibility to the State, regional and local levels with more community involvement in program development and delivery.

## Future directions

Education authorities throughout Australia today have a much better appreciation of the needs for fundamental reform of secondary schooling. The Kirby Committee has clearly enunciated the need for a complete overhaul of training and vocational education arrangements and has set down some directions for that overhaul. Most of the parties involved in both areas recognise the need for the essential reforms in both areas to be co-ordinated across areas and between levels of responsibility. This requirement was stated clearly in the OECD *Review of Youth Policies in Australia*:

> Despite the improvements and progress in improving the education and training arrangements, the changes have not gelled all of the pieces into a 'system' in which there is (i) a coherent overall sense of purpose that reflects the role of education and training in improving socio-economic equality and meeting the education and skill needs of the labour force through [to] the end of the century; (ii) a rational division of responsibilities among the parts for serving the overall purpose; and (iii) formal points of transition between one institution and another. Without such coherence, it is difficult for the existing arrangements to serve as tools for assuring equitable access to development opportunities and for assuring that skill requirements of the economy are being met.
>
> (OECD 1984, p. 25)

The task of formulating and implementing the necessary reforms in an integrated and coherent manner is made difficult by a bewildering array of conflicting interests and structural impediments. To a significant extent success will be dependent on solutions being found to the industrial relations–education and Commonwealth–State conflicts. I will address these conflicts in turn before specific suggestions for reform of both secondary schooling and employment and training programs are made.

### The DEIR–education conflict

With regard to the conflict between DEIR and the education apparatus over the nature of education and vocational training it is not a simple case of DEIR always being in the wrong. Their preferred approach to funding TAFE courses has forced TAFE to open itself to the need to develop vocationally oriented programs for groups of people it would normally not cater for. TAFE teachers have been forced to cater for the educational and training needs of educationally disadvantaged people. Pressure from DEIR has contributed to the realisation that TAFE has for too long disproportionately allocated its money and staff

resources in favour of male-dominated trade and technician courses. Conversely, TAFE's insistance that the new courses for the unemployed contain elements of general education has successfully broadened what would otherwise have been narrow vocational training programs. The TAFE push towards broad generic vocational training has been a much needed foil to the emergence of courses based on the British Manpower Services Commission model.

Educationists, particularly those concerned with secondary schooling have long displayed a reluctance to become involved in the 'nasty' business of credentialling. A commonly held view is that school-based education should be concerned with individual development and, from that, that assessment should be used only as a means to that end. As Blaug (1985) argues, sociologists from Durkheim to Parsons and on to Bowles & Gintis, Althusser and the 'new' sociologists of education have argued that socialisation is one of the principle functions of schooling. The left version of the schooling as socialisation thesis is effectively summarised by Blaug:

> Indeed, schools under capitalism are mini-factories and promote the same values which are prized in the labour market. Capitalist markets are hierarchically organised, and so are capitalist schools; capitalist factories require obedience and subservience to a central authority, and so do capitalist schools; capitalist factories 'alienate' workers from the products of their labour, and capitalist schools 'alienate' students from the products of their learning; workers are motivated, not by the intrinsic value of work, but by the promise of pay, and students are likewise motivated by the extrinsic reward of examination grades; and competition rather than co-operation, self-interest rather than comradeliness, governs the relations among workers as it governs the relations among students. In short, according to this view there is a nearly perfect correspondence between the educational system and the capitalist system. . . As Bowles and Gintis express it. . . 'the social relations of schools reproduce the social division of labour under capitalism'.
>
> (Blaug 1985, p. 19)

This line of thinking is then combined with school assessment procedures which are seen as a means of sorting and screening students for prospective employers and further educators. As Blaug argues:

> The need for artificial filters or screens arises not just because genuine hiring search procedures are costly but also because they are socially divisive. The beauty of such filters as age, sex, race, marital status, years of work experience and, above all, educational qualifications is that at least some of them are generally regarded as socially legitimate, 'just', 'fair' and so on. Educational credentials, in particular, are widely held to be the product of individual effort and to that extent their use in recruitment and promotion meets with the approval of workers, employers and customers alike – a perfect social consensus!
>
> (Blaug 1985, p. 25)

In turn Blaug combined these analyses with the concept of the 'incomplete employment contract' (pp. 23–4); and the existence of internal labour markets (pp. 22–3) and the segmentation of the labour market (pp. 24–5), and concludes that:

> there is no real sense in which a given level of education in the economically active population of a country can be said to be technically 'required' to permit the achieved level of economic growth of that country. That sort of argument grossly exaggerates the contribution of manipulative and cognitive skills in the performance of economic functions, ignores the fact that such skills are largely acquired by on-the-job training, and utterly neglects the vital role of suitable personality traits in securing the 'invisible handshake' on which production critically depends. In short, educational policies may be fitted to literally any level or rate of economic growth and cannot be justified in terms of those patterns of growth.
>
> (Blaug 1985, pp. 25–6)

If this analysis presented by Blaug is correct, the long time hostility of educationists towards credentials and credentialism would be justified, and strong opposition to employers' and politicians' attempts to make schooling relate more closely to the demands of the labour market could be justified. Indeed, Blaug leans towards this position when he argues against vocational job-specific education and for general, academic education (p. 27).

However, Blaug's analysis is flawed to the extent that he adopts a narrow educational perspective on the use of credentials in the labour market and to the extent that he adopts a narrow employer-based perspective on the school–work relationship.

Credentials are not merely a means of assisting employers in the tasks of employee selection and promotion. Labour has long used credentials as a means of countering the power of employers to divide workers among themselves and to control the labour process. The professions and trades provide good examples of the use of credentials in this way. The modern trade certificates which developed from the old craft guilds have long been used by organised labour as a basis for developing union wage and conditions claims. In fact the trades-based awards form the very basis of Australia's wage relativity system with the Metal Trades Award being the pace-setter. Regulation of the apprenticeship system has also been the basis of union actions to control entry into trade occupations, to limit the performance of certain work processes to people with a certificate, and to slow down the pressures for fragmentation of the skill base of trade occupations and for the general deskilling of trade-related work. In short, trade credentials have been a major means by which unions have erected protected labour market reserves. As previously indicated, the apprenticeship system has been the major differentiating factor between the past twenty years of labour market experience of teenage males and females. Many areas of teenage female full-time work have been decimated by casualisation and increased competition by other job seekers. This could not have happened had the retail and clerical occupations enjoyed the protection afforded by an apprenticeship system.

When this perspective on credentials is used to balance the arguments advanced by left functionalists and Blaug, a different understanding of educational credentialling is attained. Educational credentials cease to be

something which only facilitate and legitimate employee selection and promotion in an inherently unequal and discriminatory labour market. They do do these things but they can and have been used progressively by the labour movement to protect the skill base and working conditions. Moreover, educational credentials do exist and professionals, technicians and tradespersons have long benefited from them. The converse of this is the fact that those people who work in occupations that do not have a recognised credentialling process are generally restricted to a secondary status in the segmented labour market.

This is not to argue that vocational credentials can or will by themselves effect a major transformation in the structures and functioning of the labour market, but it is to argue that they can provide an additional lever to be used by trade unions in their attempts to counter casualisation, protect the skill base of occupations, reduce inequalities of access into the labour market and to secure equal pay. It is also important to remember that credentials serve to lock the non-credentialled out of credentialled occupations just as surely as they benefit the credential holders. It is therefore important to ensure that any move to extend the benefits of credentialling is complemented by moves to erect stiles to facilitate movement across the barriers demarking credentialled occupations.

A partial resolution to the conflict between the education lobby on the one hand and the employment–industrial relations lobby on the other is suggested by this analysis. In the development of its employment and training programs over the past decade, DEIR has been all too ready to accept uncritically the false dichotomy between efficiency and equity objectives, the false dichotomy between 'skilled' and 'unskilled' work, and the existing unequal structures of the labour market. As the Kirby Committee Report has indicated, the necessary consequence of this approach has been the development of programs which perpetuate the inequalities of the labour market. For their part, educationists have been all too ready to reject credentialling as a one-way tool for the perpetuation of inequalities in the labour market. In practice this rejection has been accompanied by our educational institutions' continued participation in the traditional credentialling processes. The consequence has been education's complicity in an arrangement which continues to offer rewards to some while systematically excluding others from the potential benefits of credentials. Both DEIR and the education lobby have much to learn from their past mistakes.

Education has to adopt a much more positive attitude to credentials and credentialling, and DEIR has to adopt a much more critical approach to the structures and processes of the labour market. These re-orientations point in the one direction – the extension of the credentialling processes to those occupations not currently covered. The most appropriate form for this extension is structured training which combines on-the-job work experience and training, and formal training in TAFE colleges. In Australia the apprenticeship system provides a long-tested model for the extension of such vocational preparation. The Kirby Committee recognised this but recommended the introduction of a new traineeship scheme instead of the flexible extension of the apprenticeship system. In implementing the proposal DEIR has interpreted the

recommendations very narrowly. While on-the-job and off-the-job training will be locked into the new arrangements, none of the other positive features of the apprenticeship system are in evidence: traineeships will be generally limited to one year and trainees will not be paid for the time spent at TAFE. More importantly, traineeships are being seen as something separate from the normal processes of recruitment. Thus there can be no strong expectation that a traineeship credential will lead to secure employment. What is needed is a generic structured training system which becomes the standard form of entry into secure employment in the occupation or industry. What is needed is a credential which provides unions with a basis to work for the creation of protected labour market reserves. The apprenticeship system does this but the new traineeship system will not, and it will not do so because it is being used to address two mutually exclusive objectives: to create a high quality structured training arrangement and to soak up the pool of unemployed teenage labour artificially. Thus an important opportunity for progressive credentialling has been lost.

## The Commonwealth–State conflict

The second major area of structural conflict to be addressed is the conflict between the Commonwealth and the States which is manifest in both the education and the employment and training areas. To some extent this conflict is a consequence of constitutional oversights and rigidities. Responsibility for education and training was left with the States as a residual power, and responsibility for industrial relations was shared in accordance with the geographical coverage of unions and industrial disputes. Government responsibility for the maintenance of full employment, however, was not contemplated by the constitutional draftpersons, and when it did come, the responsibility (along with the accompanying provision of job placement services and unemployment benefits) was assumed by the Commonwealth.

As many commentators have observed, the Australian constitution is a conservative document. Any move by either the Commonwealth or the States to alter the balance of power and responsibility will encounter political and constitutional blockage. Despite this there has been, since 1942, a swing in the balance of power to the Commonwealth. In the 1950s the Commonwealth assumed responsibility and control over the universities; in the 1960s it assumed financial responsibility for the new CAEs; and in the 1970s the Schools Commission and the National TAFE Council extended the Commonwealth's influence in the schooling and TAFE areas. In the employment and training program area, the Commonwealth was regarded by all as the responsible body even though the constitutional basis of such an assumption has been untested. As previously indicated, this division of responsibilities and powers has come under increasing attack by the States: they jealously guard against Commonwealth encroachments in the educational area and they are making claims for increased responsibility in the employment and training program area.

While the resolution of this conflict will necessarily be constrained by constitutional considerations, it is important to remember that such resolution will be fundamentally political in nature. As Wilenski observed in his paper to the 48th Summer School of the Australian Institute of Political Science:

> The view that some 'right' set of constitutional arrangements provides for both national unity and regional diversity is an odd one. In some ways it is related to the view that some right, efficient and socially just set of national policies could be determined if only the heat of politics could be removed and the light of reason intensified. . . This technocratic or consensus view of politics runs counter to the real conflict that underlies political life. This is a conflict, however it may be dressed up, based in part on a clash of interests – on a conflict over who gets what – and in part on a clash of values about how society should be organised.
>
> (Wilenski 1983, pp. 93–4)

Thus any resolution of the Commonwealth–State conflicts over education and employment and training programs will be dependent on the involved parties reaching a mutually agreeable political compromise.

Just as the Kirby Committee Report provides the basis of a possible resolution of the education–industrial relations conflict, it offers the basis of a possible settlement in the Commonwealth–State conflict. The Report recommends the establishment of a National Council for Employment and Training to be responsible for advising the Minister for Employment and Industrial Relations on the setting of national objectives for, and needs in, the area of employment and training policies and programs; ways of meeting these objectives and needs; the evaluation of programs; and the provision of Commonwealth financial assistance to the States through States Grants Legislation for the development of traineeships and the training activities of the State Industry Training Committees proposed in the Report (pp. 185–6). The membership proposed for the Council included representatives from DEIR, the State training authorities, employers, unions, Commonwealth and State education authorities, and from the community organisations, with equal representation of males and females (pp. 188–9).

Underlying these recommendations was a concern that the Commonwealth DEIR had become too embroiled in the detailed delivery and administration of employment and training programs. The Committee's concern was to establish a representative body to determine national policy objectives and broad program guidelines which would be agreed to by both the Commonwealth and the States. When appropriate, the programs would continue to be administered by DEIR through the CES network, but where it is more appropriate for the States to administer and deliver programs it would be facilitated by States Grants Legislation. Where programs were to be administered by the States, the Commonwealth, through the proposed National Council, would monitor and evaluate progress. Traineeships were identified as a program which should be run by the States within broad guidelines developed by the National Council. Thus the Kirby Committee recommended a form of co-operative federalism

which facilitated co-operative agenda setting; which gave more responsibility to the States; and which provided the Commonwealth with a means of overseeing the administration undertaken by the States. Simultaneously, those programs administered by DEIR would also be subject to monitoring and evaluation by the representative National Council.

The report of the Quality of Education Review Committee (QERC Report) (1985) also recommended the use of States Grants Legislation as an alternative to the Commonwealth becoming increasingly involved in the detailed administration of programs such as PEP. The educational reform and innovation model pursued by the Schools Commission has been to attempt to effect mainstream reform by funding small programs which operate at the margins of the educational systems. As a consequence the Schools Commission has become bogged down in detailed program adminsitration. To counter this tendency the QERC Report suggested a system in which the Commonwealth would set the educational reform agenda and then fund the States to deliver the goods through States Grants Legislation. However, these proposals have no chance of success unless the Commonwealth is prepared to involve the States in the processes which set the educational agenda and objectives. Without such involvement the States will see the moves as an attempt by the Commonwealth to impose its agenda on them; an attempt they will oppose.

It is significant that both the Kirby Committee Report and the QERC Report have advanced similar formulae for the political resolution of the Commonwealth–State conflicts over both employment and training programs and education. If all parties to the disputes are prepared to adopt a co-operative and participatory approach to the task of reforming both policy areas there is every chance of a temporary resolution of the conflicts.

Having identified the flexible extension of the apprenticeship system as the preferred model for resolving the education–employment and training conflict, and co-operative federalism and States Grants Legislation as the preferred means of resolving the Commonwealth–State conflicts, it is now possible to address directly the issue of future educational reform.

## Educational reform

Given the constitutional division of responsibilities for educational provision, and given the different paths followed by the various States in the development of their schooling and TAFE systems, there will not develop a single uniform approach to reform. However, despite these realities there could and should be more co-ordination of purpose and effort. To date the disjointed efforts give the impression of a lot of kids playing in their own sand pits, all seeking to make a similar sand castle, but none of them sufficiently willing to forego their territorial rights and share their experiences and resources. Everybody has a fairly realistic appreciation of the problems and a fairly realistic perception of what is needed. This is reflected in the OECD *Review of Youth Policies in Australia*:

> The team, recognising and endorsing the steps that have already been taken, recommends five specific courses of action for improving the quality and relevance of secondary education and increasing secondary school retention in order to make it more attractive to young people, especially those not going on to higher education. (i) Improve curriculum and course offerings; . . . (ii) Increase 'life skills' preparation, and vocational counselling and increase the availability of occupational outlook information and guidance on career preparation: all of this could be provided with a greater emphasis on breaking down sex-role stereotyping . . . (iii) Make assessment and credentialing of secondary education more acceptable . . . (iv) Give students a greater voice in the organisation and management of secondary education . . . [and] (v) Extend improvements well below the upper secondary level.
>
> (OECD 1984, pp. 30–2)

In the search for these necessary reforms the Commonwealth is well placed to involve the States in the process of establishing the priorities and agenda for reform. In addition to the States, the Commonwealth should involve the various educational lobby groups: the teachers' unions, the parents' associations and the private school lobby. To be successful, the structures for the agenda setting would have to include Ministerial representation and for this reason the Schools Commission and the Commonwealth Tertiary Education Commission (and its three Councils) are not appropriate. If these structures could be established and if the broad priorities and agenda could be agreed upon, the States would then be free to pursue the reforms within the agreed parameters, but also with regard to the structural forces and dynamics of their own systems. The Commonwealth could facilitate the reform process through the States Grants Legislation framework, and it could play the vital monitoring and evaluation roles.

The focus of the reforms should be the present arrangements for post-compulsory educational participation. A broad range of alternative avenues for the completion of secondary education or its equivalent should be developed. That diversity of forms should include full-time schooling, full-time TAFE, half-time school and half-time TAFE, half-time school or TAFE and half-time work (work–study arrangements), and community-based educational provision.

With regard to full-time schooling we are now facing a situation very similar to that which pertained in the late 1940s and early 1950s. At that time the school leaving age had been increased from 13 to 15 years and the various education systems faced the problem of what to do with the school curriculum which had to that time been dominated by the universities and designed for the minority. While Victoria opted for a two-stream secondary educational provision, other States such as New South Wales effected comprehensive reform of the lower secondary curriculum to cater for the whole population. A review of developments in New South Wales at that time is highly illustrative.

In 1946, the N. S. W. Board of Secondary School Studies submitted a set of recommendations for the reform of lower secondary education to the

Minister. The Board recommended four principles for the reform of the secondary curriculum:

> (1) Secondary education should be adapted to the needs and capacities of adolescents.
>
> (2) It should be related closely to the interests and experiences of life.
>
> (3) It should be 'all round', at the same time providing adequate opportunities for the pursuit of individual interests.
>
> (4) It should not be regarded merely as preparation for tertiary education; it should stimulate in all pupils a desire to go on learning.
>
> (Wyndham Report 1957, pp. 29–30)

The Board went on to recommend more specific reforms which included provision of a common core of subjects and a range of options. Cabinet failed to act on the proposals and there developed a range of individual school-based reforms, together with the introduction of an 'Alternative curriculum for secondary schools' (in 1951) for students whose educational needs were not being met by the existing academic curriculum. The latter reform, dubbed an 'ad hoc or piecemeal attack upon the general problem of secondary education' by the Wyndham Report (1957, p. 31), excluded the participants from further educational participation. Of the lower secondary education provision at the time, the Wyndham Committee concluded:

> Many of the pupils concerned were leaving school before attempting the examination. More significant than this was the fact that, for many, their experience in secondary school meant a record of failure and, for an even greater number, an experience which had little relevance in terms of their abilities and interest (1957, p. 30).

But for the fact that the criticisms were levelled at lower secondary and not at the post-compuslory years, the Wyndham Report's conclusions have a very familiar ring. Just as the lower secondary curriculum had to be made comprehensive in the 1950s, the upper secondary curriculum has to be made comprehensive today. The tertiary education orientation of the final two years of schooling has to be broken down, and it should not be done by the simple addition of new 'mass appeal' courses to supplement the existing menu. Students would rightly reject such offerings as second-rate options for the 'not so brights'. Moreover, such a course would further the gap between the private and public systems' educational orientations and offerings: the private schools with a more restrictive enrolment policy would continue to offer the elitist matriculation subjects and the public schools in socio-economically disadvantaged areas would be seen to offer a second-class education. Rather, the whole curriculum from the lower secondary years up should be transformed to provide a continuation of general education and an expanded range of options to cater for the full range of student interests.

An example of the desired reform would be the replacement of the existing range of gender-based courses (home economics, commercial subjects, wood and metal work and technical drawing) by a compulsory core subject, life skills,

which would incorporate elements of all the displaced courses along with consumer education, health education, physical education, drug education, sex education and so on. The expansion of vocational guidance and counselling and work experience could be incorporated into a new compulsory core subject, work in society, which would also examine the gender division of labour (paid and unpaid), and incorporate the study of unions and industrial relations, the impact of technology on work, and so on. Language and communication, science, mathematics and Australian society could well make up the other compulsory core subjects. The latter subject would include the study of Aboriginal society and culture, our political system and sociology, as well as elements of the more traditional history, geography and economics. Such a subject would not preclude the study of other cultures, societies or countries: a very effective way of learning about one's own society and culture is to study those of others.

This core of compulsory subjects could be designed to take up from a half to two-thirds of school time, with the remaining time being made up by a range of options and elective subjects.

These possibilities for comprehensive reform could be accompanied by reform of the school assessment and credentialling system. Students could be issued with a certificate covering all their studies and activities up to the point of leaving. The options should be assessed internally, and the core subjects would be open to either internal or external assessment (most State systems are moving towards an internal or modified internal assessment model). The tertiary institutions would have to adopt new entrance requirements, but the core subjects would form the basis of such assessment.

None of these suggested reforms would necesssarily imply any lowering of educational standards: traditional subjects can be taught just as well or badly as any of the proposed new core subjects. Any subject can be taught in a way which develops intellectual rigour and excellence, and which develops social skills.

Tasmania and the A.C.T. have experimented with senior colleges – the A.C.T. successfully and Tasmania unsuccessfully. Queensland will open its first senior college (integrating the post-compulsory school years and TAFE) in 1986, and the Blackburn Report in Victoria has advocated the transition to senior colleges. Teachers' unions have generally opposed the move to senior colleges on the grounds that they create a new elite in the teaching profession, and that increased student participation in school management at the lower secondary level would be slowed by the creation of senior colleges. Whether senior colleges are developed or not there has to be reform in school management and structures. Students have to be given more responsibility for managing their own lives at school, and they should participate in school decision making. Schools could be opened for three three-hour shifts from 9.00am to 6.00pm, with full-time teachers working any two of the three shifts and permanent part-time teachers working only one.

The above suggestions do not exhaust the range of possibilities, and many of them will evoke resistance from some of the vested interest groups. It is significant however, that most of the suggestions are not new – most of them are being thought about, developed or implemented in some form somewhere in Australia. Moreover it is important that the coming reforms be comprehensive and that they seek to transform the whole system rather than seek to make minor adjustments at the margins.

TAFE has become increasingly popular as an alternative means of matriculating in Victoria – some 27 per cent of matriculants in Victoria do so by undertaking the TAFE Tertiary Orientation Program. This trend has not been so pronounced in other States, but it does indicate that given the opportunity to pursue education under different institutional and curricular arrangements, significant numbers of young people will do so. The possibility of introducing this type of option into other States' TAFE systems should be actively considered as a means of opening new forms of educational participation and of increasing educational retention and participation. However, given the extreme resource pressures faced by TAFE, and given the expectation that TAFE provide the formal vocational education component of the new traineeship system, this option will undoubtedly be restricted.

In addition to the reform of full-time post-compulsory schooling and the possibility of expanding full-time general education opportunities in TAFE, consideration should be given to developing a range of work–study arrangements. These could take the form of permanent part-time work being combined with half-time study at either school or TAFE, with the type of education undertaken depending on the needs and interests of the students. It would be possible for part-time workers to attend either school or TAFE to undertake remedial education to enable them to attain the minimum educational requirements for future employment. This model is currently being developed in Victoria for young people who will be employed part time on railway stations while they study part time at TAFE to attain the necessary qualifications to secure their positions on a permanent full-time basis. It is intended that the model be extended to other areas.

Secondly, part-time workers could attend TAFE college on a half-time basis to undertake a pre-employment, pre-apprenticeship or pre-traineeship course. Under such an arrangement there would be no expectation that the student-employee work in the same occupational area for which she/he is studying. Thirdly, part-time workers could attend school on a half-time basis and study the compulsory core subjects, with such study possibly leading to matriculation.

These work-study arrangements would provide young people with the opportunity of having a degree of economic independence and autonomy without having to forego the possibility of continuing their general or vocationally specific education. Rather than seeking to resolve the teenage labour market problems by excluding students from part-time employment, it is more productive to seek the conversion of casual work into permanent

part-time employment opportunities which would then be open to all people, including those who wish to combine employment with educational participation.

The A.C.T. and Queensland are experimenting with combined senior colleges and TAFE institutions, and N.S.W. has recently moved to allow post-compulsory school students to take a TAFE course as part of their Higher School Certificate. These school-TAFE arrangements should be expanded, and students encouraged to combine study of the proposed compulsory core subjects on a half-time basis with vocationally specific study in TAFE. Such combinations could lead to the simultaneous acquisition of matriculation and completion of a pre-employment, pre-apprenticeship or pre-traineeship course.

Even with the proposed comprehensive reform of the school curriculum and with the opening up of the above range of educational options, there would be a small proportion of young people either unwilling or unable to participate in any form of institutionalised educational provision.

Educational opportunities could be provided for these young people through the development of community-based learning. New South Wales TAFE Outreach has demonstrated how community-based educational provision can reach an array of people with diverse educational needs which would not otherwise be met. A further model has been provided by community-based Transition Education and PEP course provision, and by some CYSS projects. These models should be analysed with a view to extending the range and availability of community-based education as an end in itself or as a stepping stone back into the more formal educational arrangements.

As with the suggested reforms to the school curricula, none of the above suggestions for opening up the range of educational options in the post-compulsory years are new. There are examples of most of them (either fully developed or in embryo form) in Australia today. What does appear to be missing is a concerted attempt to develop a range of the suggestions into a comprehensive and integrated set of reforms. I would suggest that that is what is required, and that the Commonwealth is well placed to use its influence and money to encourage the States to co-operatively develop and introduce them in ways which build on the better elements of their existing systems. I further believe that the key to these reforms is the suggested reforms to the school curriculum.

The suggested reforms would have to be supplemented by comprehensive reform to the income support arrangements for young people if they are to bring about a significant and rapid increase in post-compulsory educational participation rates. This task is currently being undertaken by the Commonwealth Government with a view to eliminating the difference between the money available to students and young people on unemployment benefits, and with a view to removing the disincentive to stay within the education system. Conversely, reform of the income support arrangements without significant and comprehensive educational reform will not achieve the desired result of encouraging disaffected unemployed teenagers to foresake the path

which leads nowhere – the continued passive receipt of the dole. What is required is the co-ordinated introduction of new income support arrangements and the needed educational reforms.

Last, the place of the apprenticeship system and of the new traineeship system has to be addressed. The initial development of traineeships is being focused on 16- and 17-year-olds not in the education system, and most apprenticeship indentures are theoretically available at the age of 15 years. There is a risk that should the traineeship system prove successful, it will counter one of the objectives of educational reform – increased educational retention and participation. It is therefore desirable that as the educational reforms are set in place and as they start to take effect, the age focus for traineeships be raised. Similarly, young people should be encouraged to defer their entry into apprenticeships until they have completed their secondary education or its equivalent. This could possibly be achieved by making the point of entry into either an apprenticeship or traineeship the completion of a TAFE pre-apprenticeship, pre-traineeship or generic pre-employment course.

Such a requirement would be consistent with a number of the Kirby Committee's objectives. First, it would facilitate the process of increasing female participation in the male-dominated trades. The numbers of pre-apprenticeship course places could be regulated in accordance with projected labour market demand, and quotas for young women and other young people from disadvantaged groups in the TAFE courses could be progressively increased. Second, the universal provision of such courses by TAFE would serve to reduce the period of indenture and, concomitantly, reduce the vulnerability of the apprenticeship (and traineeship) system to fluctuations in the trade cycle. Third, the provision of TAFE courses would go some way in countering the problem of apprentices (and trainees) having access to only a narrow range of on-the-job training opportunities.

Figure 1 presents a diagrammatic representation of the post-compulsory educational participation and transition to work patterns that would exist if all of the suggested reforms were to be implemented. The direction of movement is from the outer circle towards the centre. The underlying assumptions are that the 16- to 17-year-old full-time labour market will continue to deteriorate, and that the suggested reforms (along with reform of the income-support arrangements) would be successful in significantly increasing educational retention and participation. It should be noted that reform of the scale suggested would take at least ten years to implement fully and take effect.

## Conclusion

As indicated in the introduction, I have attempted to provide some insight into the forces behind the drive for educational reform, and I have developed some arguments relating to the direction of such reform. In so doing I have spent more time in establishing the case for major and fundamental reform than in providing detailed support and argument for the suggested reforms. This was

**Figure 1: Proposed forms of post-compulsory educational participation and transition to work.**

intentional. We are currently facing a major crisis in the transition from school to work, a crisis brought on by long-term and permanent changes in the teenage labour market. If there were reason to believe that these changes will soon be reversed there would be no need for major reform of education and employment and training programs: short-term and marginal bandaid measures would be sufficient to tide us over. This is demonstrably not the case.

Our economic system has produced a permanent surplus of labour and its affects are felt most acutely by the young. The 1950s and 1960s pattern of transition has been permanently disrupted and there has to be a major structural reform of the institutional arrangements for that transition. In many ways we are facing a rerun of the situation which pertained in the late 1940s and early 1950s, except for the fact that this time around the reform of the

post-compulsory years is required. My main concern has been to demonstrate the need for such fundamental and comprehensive reform.

My second concern was to argue that the traditional stance to credentialling adopted by educationists has been seriously flawed. Similarly, the assumptions underlying the development of employment and training programs have worked to lock many participants into the secondary labour market. Both education and training authorities have to re-orient their established perspectives and develop education and vocational training programs which facilitate progressive reform of the labour market and which provide options for all young people to attain employment-related credentials.

I have not presumed to know exactly what reforms in educational provision are required, but I do believe that the broad directions suggested in the monograph are needed. It is up to readers to make up their own minds on the issues, and it is up to them to incorporate what they have read into their developing theory of the world. Similarly, it is up to readers to participate in the development and implementation of the coming reforms.

Lastly, I hope to have demonstrated the value of adopting a political economy perspective on both the work of schooling and the debate about education. The ultimate value of this approach is that it encourages us to integrate the understandings derived from a range of narrow disciplinary approaches to the issue.

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# Readings

# 1

# Where are we now in the economics of education?

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**Abstract** — This essay offers a bird's eye view of new directions in the economics of education. An increasing awareness of the socialization function of education, of the screening hypothesis, of the 'incomplete' employment contract and of labour market segmentation is leading, it is argued, to a picture of the economic value of schooling which is simply miles removed from the old-fashioned belief that education enhances cognitive knowledge and that employers pay educated people more because they know more. The new way of looking at the economic value of schooling is illustrated by the example of youth training and work experience programmes.

## INTRODUCTION

THE ECONOMICS of education, conceived either as a specialized branch of economics or as a separate area of educational studies, was born somewhere around 1960. Its heyday was the decade of the 1960s, reaching a peak at, say, 1970 or thereabouts: those were the days when Denison's sources-of-growth accounting was generally believed to have demonstrated the precise quantitative contribution of education to economic growth, when Becker's *Human Capital* (1964) was widely acclaimed as opening up new vistas in labour economics, when every discussion of educational planning revolved around the respective merits of the 'social-demand approach', the 'manpower-requirements approach' and 'rate-of-return analysis'.[1] Those were, in short, the 'golden years' of the economics of education when no self-respecting Minister of Education would have dreamed of making educational decisions without an economist sitting at his right hand.

The early 1970s witnessed a profound change in the dominant role of economists in educational policy making. The enrolment explosion that had marked the history of educational systems all over the world since 1945 began to slow down. The earlier optimism that the expansion of education would effectively equalize life chances in industrialized societies gave way to a new pessimism about the possibilities of altering the distribution of incomes by educational means. Best-sellers like Jencks *et al.*'s *Inequality* (1972) were harbingers of the new scepticism about education that now swept through the First and Third Worlds. Influential studies like the Fauré Report, *Learning to Be* (Fauré *et al.* 1972), assumed without question that the prevailing system of education was largely dysfunctional and then went on to pin their faith on new educational structures which would alternate schooling and work throughout the lifetime of individuals. But the movement towards what has come to be called 'recurrent education' failed to catch on. Worried about inflation, youth unemployment and the actual or impending glut of highly educated people, most governments in the 1970s cut back on educational expenditure and hence were reluctant to venture forth to any significant extent into the unchartered territory of recurrent education (Blaug and Mace, 1977). What enthusiasm survived for educational reform now came to be increasingly devoted to qualitative reform rather than quantitative expansion. In promoting qualitative improvements in education, however, economists were found to be

less useful than psychologists and psychometricians. No wonder then that economists were less prominent on the educational scene in the 1970s than in previous years.

Nevertheless, the economics of education did not die out in the 1970s as a field of academic study. On the contrary, the decade saw a vigorous development of the subject into new directions, such that we can now distinguish a well-defined second, as contrasted with a first, generation of economists of education.[2] The second generation no longer believes that the projection of private demand — the so-called 'social demand approach' — provides a sufficient basis for quantitative educational planning. Such projections almost always take for granted the existing patterns of finance for education and the second generation is keen to re-examine the prevailing patterns of educational finance. The second generation has likewise abandoned manpower forecasting as a planning tool if only because it begs too many questions about the relationship between the structure of occupations in an economy and the educational requirements for jobs, not to mention the notorious inaccuracy of such forecasts for any period in the future that is longer than 1 or 2 years. As for rate-of-return analysis, even first-generation economists of education were reluctant to employ it wholeheartedly for purposes of public policy making, a reluctance which is now enforced by the general endorsement of some version of the 'screening hypothesis' among second-generation economists of education. Gone, too, is the facile notion of the earlier generation that more education would steadily erode the income advantages of the highly educated, so that educational expansion would inevitably entail greater equality. The effect of education on income distribution is now understood to rest as much on the distribution as on the level of schooling in the population and, depending on how education is financed, it is now appreciated that more schooling can actually increase observed inequalities in income.

But perhaps the most far-reaching changes in the economics of education have come from the work of institutional and radical economists in the United States, emphasizing the 'socialization' function of schooling in contrast to its vocational function in teaching cognitive skills, the 'segmentation' of labour markets which generates different economic values of schooling to identical individuals and, more generally, the 'invisible handshake' between employers and workers, which governs the personal rewards of education and training. Adding all these elements together, the 'new' economics of education is hardly recognizable as the same subject which ruled the roost in the 1960s. Of course, elements of the 'old' economics of education survive and even the recent pages of this journal can be employed to demonstrate that human capital theory and earnings regressions still serve many as suitable paradigms for studying the economic effects of education. Nevertheless, I claim that the vital parts of the subject lie elsewhere, linking up with similar developments in labour economics.

What follows, therefore, is not a review of the state of the arts in the economics of education but a deliberately provocative bird's-eye view of new directions in thinking among economists concerned with educational issues.

## THE SOCIALIZATION FUNCTION OF SCHOOLING

The year 1976 saw the publication of a book by Samuel Bowles and Herbert Gintis entitled *Schooling in Capitalist America* (1976), which immediately became something of a minor educational classic among radical economists and sociologists. The centrepiece of the Bowles–Gintis book is the argument that the economic value of education in a capitalist economy has been grossly misunderstood by orthodox economists of education. The widely observed association between personal earnings and schooling is usually attributed to the influence of education on the levels of cognitive knowledge in the working population. But effective performance in most jobs, argue Bowles and Gintis, depends very little on directly usable cognitive skills and much more on certain non-cognitive personality traits. Moreover, these personality traits are also rewarded in the classroom and hence are systematically encouraged by the educational system.

What are these non-cognitive, affective outcomes of schools? At the risk of oversimplification, we can divide them into two broad categories. In the wide spectrum of lower level occupations to which unqualified school leavers are largely condemned they are the behavioural traits of punctuality, persistence, concentration, docility, compliance and the ability to work with others. However, the top of the occupational pyramid, accessible largely to

university graduates, calls for a different set of personality traits, namely, self-esteem, self-reliance, versatility and the capacity to assume leadership roles. In a nutshell, we may say that elementary and secondary education breed the foot-soldiers, while higher education trains the lieutenants and captains of the economy.

Indeed, schools under capitalism are mini-factories and promote the same values which are prized in the labour market. Capitalist factories are hierarchically organized, and so are capitalist schools; capitalist factories require obedience and subservience to a central authority, and so do capitalist schools; capitalist factories 'alienate' workers from the products of their labour, and capitalist schools 'alienate' students from the products of their learning; workers are motivated, not by the intrinsic value of work, but by the promise of pay, and students are likewise motivated by the extrinsic reward of examination grades; and competition rather than co-operation, self-interest rather than comradeliness, governs the relations among workers as it governs the relations among students. In short, according to this view there is a nearly perfect correspondence between the educational system and the capitalist economic system: the educational system lacks any administrative and intellectual autonomy of its own, shining as it were only by reflected light emanating from the labour market. As Bowles and Gintis express it in their favourite Althusserian jargon: "the social relations of schools reproduce the social division of labour under capitalism".

Unfortunately, this entire line of argument, even if it were valid as it stands, is not very original. Ever since Emile Durkheim, mainstream sociologists have underlined the fact that 'socialization', that is, the inculcation of definite values and attitudes in children, is one of the principal functions of the educational system in any society. Bowles and Gintis complain that the school system has played an important role in preserving the capitalist order, but surely this is an obvious and even trivial proposition? Does the school system in a socialist society not play a similar role in preserving the socialist order? The viability of any economic system depends on citizens respecting 'the rules of the game', whatever they are, and clearly schools play a major part in legitimizing these rules.

Nevertheless, Bowles and Gintis are perfectly correct to reject cognitive development and, incidentally, the development of psychomotor skills as the central economic function of schools. The notion that most jobs in a modern economy require high levels of literacy and numeracy, and increasingly so as industry becomes more sophisticated, has been productive of a whole series of misdirected educational reforms. It lies behind the frequent tendency to 'vocationalize' secondary education in the fond belief that this will increase the employability of school leavers. The familiar finding of the low economic returns to vocational schooling, vocational school graduates being frequently less employable than academic school graduates (Psacharopoulos, 1980), is easily explained when it is remembered that most employers, whether public or private, care less about what potential workers know than about how they will behave. The very distinction between 'academic' and 'vocational' education, in which only the latter is supposed to be geared to the needs of the labour market, falsely suggests that much, if not most, education is economically irrelevant. But the 'hidden curriculum' of teacher–pupil relations in academic-style education has as much to do with the world of work as the explicit curriculum of mental and manipulative skills in vocational education. The frequently repeated research finding that few workers ever make specific use of the cognitive knowledge acquired in schools (Gintis, 1971) thus indicates, not some sort of monstrous mismatch between education and work, but the pivotal role of affective behavioural traits in job performance. The truth of the matter is that most jobs in a modern economy require about as much cognitive knowledge and psychomotor skills as are used to drive an automobile!

I am, of course, exaggerating. It is not to be denied that many professional qualifications do involve an indispensable element of cognitive knowledge and that, say, an oil company employing a chemist is looking for a minimum level of competence in the science of chemistry. But even at the level of professional studies, the cognitive knowledge which is said to be indispensable frequently consists of perfectly general communication skills and problem-solving abilities rather than occupation-specific competences; and to that extent implies a combination of particular personality traits and certain cognitive achievements. If this were not so, it would be difficult to explain the widespread employment of sociology and history graduates in public and private sector jobs. There are occu-

pations, like that of the aeroplane pilot or the brain surgeon, where, indeed, nothing matters except cognitive judgement and psychomotor skills. Additional examples where cognitive knowledge looms large are accountants, lawyers, computer scientists — and perhaps even university teachers. Even here, however, success has frequently more to do with achievement-motivation — the motivation to excel in whatever one does for its own sake — than with factual or conceptual knowledge; and, surely, achievement-motivation is a personality trait? At any rate, all that we are claiming in endorsing Bowles and Gintis is that none of the occupations just mentioned are typical modes of employment in a modern economy. The vast bulk of jobs in an industrial economy involve competences that are acquired on the job in a few weeks and require, not a given stock of knowledge of facts and concepts, but the capacity to learn by doing.

Bowles and Gintis are also correct in asserting that first-generation economists of education, and particularly those advocating the theory of human capital, frequently implied in so many words that the economic value of education is due entirely to the effects of cognitive learning in schools. That is not to say, however, that mainstream economists of education committed themselves explicitly to this view. To a surprising extent they viewed schooling as a 'black box': without pretending or even caring to know what went on in classrooms, they simply insisted that passing through schools increased the earning power of people independently of differences in both family origins and inborn or acquired mental abilities (see Blaug, 1976, pp. 847–848). Nevertheless, their writings lent themselves naturally to the cognitive-knowledge interpretation. Furthermore, human capital theory with its rates of return to educational investment flourished alongside an extensive body of research on 'educational production functions', all or almost all of which related the inputs into schools to an 'output' consisting solely of scores of students on tests of cognitive achievement.[3] At the same time, another line of work attempted to forecast the educational requirements of particular patterns of economic growth. While these forecasts rarely asked the question of the sense in which the growth of certain jobs depended rigidly on the growth of educational qualifications, the implicit notion was always that each job entailed a definite complement of cognitive skills which could only be acquired via formal schooling. The moment we argue that the chief contribution of education to economic growth is to complement the socialization function of families in instilling values and attitudes requisite to adequate job functioning in an industrial society, we necessarily jettison the concepts of any precise quantitative relationship between the growth of the economy and the growth of the educational system. The question is no longer whether manpower forecasts are accurate or not, which is typically how the issue was posed in the 1960s, but whether the entire exercise is not perhaps misconceived in its very foundations.

No doubt there remains the problem of assessing the future supply of accountants, lawyers, doctors, computer scientists, etc., that is, professions which necessarily involve training in specific cognitive skills. This type of training typically requires long-cycle education, lasting 5–7 years. But manpower forecasts over periods of such length are hopelessly inaccurate and little better than guesswork (see Ahamad and Blaug, 1973). In the circumstances, what scope is there for educational planning? One general answer to the inherent imperfection of manpower forecasting is to shorten educational cycles so as to make it unnecessary to forecast 5 or 7 years into the future. But the professions in question are dominated by professional associations who have steadily lengthened the training period required to reach entry standards and who see any move to lower the training period as a threat to their monopoly power. That leaves us with the possibility of using the short-term signals of labour markets — unemployment rates, vacancy rates, wages rates, etc. — to register trends in the pattern of employment. This is not an entirely satisfactory solution to the problem of educated manpower but it is the best available. Fortunately, private demand for professional qualifications is sensitive to short-term indicators of labour market prospects and, indeed, has proved better at forecasting future trends than most public authorities. The best guide to policy in this case would actually seem to be *laissez-faire, laissez-passer*, and certainly doing nothing is preferable to engaging in meaningless forecasts of the demands for educated manpower 5–10 years hence.

## THE SCREENING HYPOTHESIS

To return to Bowles and Gintis: the emphasis in our schools on affective behaviour rather than mental attainments is not, they argue, the unin-

tended consequence of schooling carried out for other purposes. So long as production is hierarchically organized along capitalist lines, what is required at the bottom of the job pyramid is the ability to take orders, while at the top of the pyramid what is required is the ability to give orders. Teachers are perfectly aware of this spectrum of vocational demands and hence reward students in classrooms accordingly. Employers, on the other hand, have learned from past experience that there is a general concordance between the attributes required at various levels of the educational pyramid and educational attainments. In that sense, educational credentials act as surrogates for qualities which employers regard as important, predicting a certain level of job performance without, however, making any direct contribution to it. This 'screening hypothesis' neatly accounts for the fact that earnings rise with additional education; it even explains why so many educational qualifications appear to be unrelated to the type of work that students eventually take up; and it certainly helps to explain why the educational explosion of the last 35 years has had so little effect on equalizing the distribution of income.

If education acts merely as a filter to separate the chaff from the wheat, the steady expansion of higher education dilutes the significance of a degree and induces employers to upgrade the hiring standards of jobs previously filled by university and college graduates; graduates will then be worse off in absolute terms. But if secondary schooling is expanding at the same time, so that high school leavers are likewise being squeezed into lower-level jobs, earnings differentials between the two cohorts may nevertheless remain more or less the same. What is true of these two categories of labour is true of every category — the expansion of post-compulsory education is simply passed down the line and ends up in a chronic core of unemployed school leavers without, however, much visible effect on the distribution of earned income from employment.

The 'screening hypothesis' clearly has dramatic implications for educational policy. The difficulty with the hypothesis is that it comes in two versions, a strong version and a weak one. In its strong version it is virtually untenable, whereas in its weak version it is difficult to pin down with any precision. The strong version of the screening hypothesis asserts that education merely identifies students with particular attributes, acquired either at birth or by virtue of family background, but does not itself produce or in any way improve those attributes. It is difficult to conceive how this strong version of the hypothesis could be true. After all, schools screen twice, once when they select students for admission and a second time when they pass or fail students at the end of an educational cycle. If there is screening in the strong sense, only the first screen serves any useful economic function, the second being a piece of window-dressing designed purely to create employment for teachers. But as every teacher knows, the correlation for any individual student between predicted and actual education success is by no means perfect: selection for admission to courses is wrong almost as often as it is right. In other words, 'good' students have to be discovered and it takes a protracted sequence of hurdles, such as any educational cycle provides, to identify the traits and attributes that lead to success. The notion that they are present, only waiting to be sifted out by some ingenious filter, and that any filter will do, schooling being simply one, is a naïve psychological fallacy.

Moreover, the strong version of the screening hypothesis implies that there is little reward to an incompleted degree or certificate, or at any rate that the extra rewards of, say, 2 years of university education are much less than two-thirds of the rewards of a university degree completed in 3 years. In other words, educational credentials act like a 'sheepskin' that disguises the true difference between dropouts and graduates. Similarly, strong screening implies that, whatever differences in starting salaries between university graduates and secondary school leavers, the gap in the two salary streams gradually disappears with additional years of work experience. Employers may use educational qualifications as a screen at the time of hiring when they are ignorant of the true abilities of potential workers, but as time passes they can actually observe their job performance and reward them in accordance with their true personal abilities. Finally, strong screening makes it difficult to understand why employers have not sought to replace the educational system by a cheaper screening mechanism. Surely, it is cheaper to incur the personal costs of independently testing the abilities of individual workers, say, by a battery of psychological aptitude tests, than to pay all university graduates more simply because they are university graduates.

Thus the strong version of the screening hypothesis carried with it at least three definite empirical implications. All of these three implications, how-

ever, are firmly refuted by the evidence (Layard and Psacharopoulos, 1974). Firstly, the private rate of return to education for university dropouts sometimes actually exceeds the yield of a completed university degree. Secondly, the effect of years of education on personal earnings generally rises rather than falls with additional years of work experience. Thirdly, business firms and government departments do sometimes test individual workers at the point of recruitment; nevertheless, in no country in the world have such independent testing services effectively replaced the role of educational credentials in screening out job applicants. Furthermore, strong screening additionally implies that education has no effect on personal earnings when it comes to the self-employed since there is little point in self-screening. However, the impact of years of education on earnings is as great for self-employed accountants, doctors and lawyers as it is for wage and salary earners. Of course, that may be due to screening by the customers of self-employed professionals, which in turn leads professional associations of accountants, doctors and lawyers to press for increased educational qualifications under state occupational licensing laws. Nevertheless, the evidence on the association between education and earnings for the self-employed does cast some doubt on screening in its stronger versions (see Lazear, 1977; Whitehead, 1981).

All these refutations, however, fall to the ground if we give the screening hypothesis a weaker interpretation. After all, employers face considerable information costs in recruiting suitable workers and assigning them appropriately to different tasks. Every new worker takes days or weeks to reach an adequate level of performance and thus mistakes in hiring are costly in terms of output forgone, not to mention the administrative costs of posting vacancies, sorting applicants and inducting successful recruits. No wonder, then, that employers resort to stereotypes like sex, colour, ethnic background, educational credentials, marital status, age and previous work experience, indicators which experience has shown to be good predictors of job performance, at least on average. Obviously, for crucial jobs like those of supervisors, junior managers and executives, it may pay to engage in expensive search procedures, including the use of aptitude tests, to select a particular candidate from among a group of job applicants with similar characteristics. But for most jobs it is cheaper to rely on group characteristics and to run the risk of occasional errors. Thus 'educational credentialism' or the use of educational qualifications as a hiring screen is a species of a larger genus of 'statistical discrimination' in the hiring of labour: the costs of truly identifying the talents of potential workers forces employers to discriminate against atypical members of social groups. The fact that educational qualifications stand out among all the other stereotypes as being legally permitted and generally approved — most people nowadays regard educational meritocracy as being perfectly fair and legitimate — only encourages screening by education on the part of the employers.

So interpreted, the 'screening hypothesis' is a label for a classic information problem in a labour market. So far, however, we have only dealt with hiring at the point of recruitment and we have said nothing to explain the association between education and earnings right through the entire working life of individuals. Granted that employers will pay more to better educated workers when they know nothing about their individual aptitudes, why should they almost invariably continue to do so when they have had ample opportunity to monitor their performance over long periods of time?

One explanation may be the existence of what is called 'internal labour markets' in many business firms and government departments. It does not pay any large organization with a complex occupational structure to recruit every vacancy from an external labour market. Instead, most vacancies are filled by internal promotion and external recruitment is confined to a few 'ports of entry' at the bottom and the top of the occupational pyramid (Doeringer and Piore, 1971). This confers a double advantage: it promotes the morale of the workforce by providing a number of lifetime careers within the organization and it enhances the efficiency of recruitment because hiring is always confined to the same categories of jobs. However, once such an 'internal labour market' takes a firm foothold in an enterprise, it creates claims to eventual promotion among all workers in the firm at the time of hiring. In short, workers tend to be recruited in such enterprises not to a job but to a career path, and this means that any advantages at the point of recruitment tend to be converted into persistent advantages throughout a working life with the company. In this way the use of educational qualifications as a screen at the point of hiring becomes an effective screen throughout the

period of association with a particular enterprise. Even if he or she leaves the company to work elsewhere, the next employer is likely to give credit both for previous experience and for previous earnings, which perpetuates the earlier link between schooling and earnings. To sum up: the notion of 'statistical discrimination' in hiring and the presence of 'internal labour markets' taken together are perfectly capable of explaining why highly educated people *on average* earn more than less educated people even though they may not be inherently more productive.

I say 'on average' advisedly. Clearly, employers do make mistakes in hiring and do discover in due course that, say, some university graduates are worse than others; these they will not promote or will only promote more slowly; alternatively, they may rotate them to a different job from the one for which they were recruited; contrariwise, the jobs of 'high flyers' may be enriched as time passes or combined with other jobs into a new job title. Therefore, when we study the structure of personal earnings by education and occupation in any modern economy, we observe: (i) a strong positive association between earnings and education when expressed in terms of averages; (ii) considerable variance in the association between education and earnings, such that the worst paid university graduates actually earn less than the best paid secondary school leavers, and so on for all other educational cohorts; and (iii) a considerable variance for every occupational category, however finely defined, in the years of schooling of incumbents of that occupation — such evidence is accountable by an element of 'statistical discrimination' at the hiring stage and the presence of 'internal labour markets' of various degrees of strength in many private companies and government departments.

## THE INCOMPLETE EMPLOYMENT CONTRACT

We now take the argument a step further. Just as educators have always objected to the phrase 'human capital' to describe personal investment in education because it appears to demean education, so trade union leaders have long objected to the economist's habit of writing about labour problems as if labour was a commodity like any other to be bought and sold in the market place. But labour under capitalism is not in fact a commodity like any other because its hiring contract is typically 'incomplete'. A contract of employment typically specifies the duration of work and the rate of pay for that work in terms of hours per day and days per week. What is most important in the hiring decision, however, is not written into the contract, namely, the intensity and quality of the effort to be expended, if only because there appears to be no dimension in which to express this effort. Obviously, if it is possible to isolate what each worker produces, workers are paid by the piece and the employment contract is complete. But in most production processes it is impossible to attribute every portion of final output to the contribution of some individual worker; production is carried out jointly by teams of workers, in which case the rate of pay must be expressed in terms of time. The famous slogan 'a fair day's pay for a fair day's work' highlights this double dimension of the employment contract of production systems in which output cannot be unambiguously traced to individual workers.

Thus for the bulk of manufacturing and service industries, not to mention the civil service and local government, the hire of labour implies the conscious willingness to work at a minimum level of intensity which simply cannot be fully spelled out in a contractual agreement. To secure the co-operation of workers in the production process, employers must prevent shirking by constant monitoring and policing, backed up by the promise of promotion and the threat of summary dismissal. Nevertheless, in the final analysis employers are forced to rely on what has been aptly named 'the invisible handshake' of trust and loyalty to replace 'the invisible hand' of competition that secures the effective provision of most other goods and services.

Experts in industrial relations will hardly be surprised by this concept of the incomplete employment contract. Economists, however, have, so to speak, forgotten it, or perhaps have never learned it until recently. Economists have, of course, long recognized that the business firm as a whole is a particular non-market institution in which authoritarian allocation replaces allocation by the price system, but they have neglected to analyse the principles which govern this internal allocation system (see Williamson, 1975). Thus, when certain labour economists developed the concept of 'internal labour markets' in the early 1970s, the very term 'internal labour *markets*' was misleading in suggesting a market mechanism rather than an

administrative and organizational procedure for minimizing the potential sources of conflict in the employment relation. Similarly, economists have largely tended to treat trade unions as extra-economic forces having no reason for being in a competitive economy. But the incomplete labour contract makes it all too easy to account for the rise of trade unions as an attempt on the part of workers to choose collective rather than individual labour contracts in order to countervail the employer's control over the production process.

It is obvious that employers are at a disadvantage in completing the labour contract if workers act in concert. It will be to the interest of employers, therefore, to 'divide and rule'. One way of doing so is to buy individual loyalty by the promise of eventual promotion and treat all promotions as a race between a number of competitors. Another is to capitalize on the socially legitimate or illegitimate indicators that are employed in the hiring process and to assign men and women, married men and single men, whites and blacks, youths and adults, school leavers and university graduates, etc. to different lifetime career paths in the enterprise. This brings us squarely to the last element in our story, the concept of 'labour market segmentation'.

## LABOUR MARKET SEGMENTATION

The theory of segmented labour markets (SLM) started out as a contrast between two *sectors* of the modern economy, the so-called 'primary' labour markets of large corporations, trade unions, job security and steady career prospects, and the 'secondary' labour markets of small businesses, no unions and dead-end jobs. It was designed to explain the fact of significant earnings differences between males and females and between whites and blacks even when age, schooling and years of work experience are held constant, and the persistent failure of education and training programmes specifically directed at low-paid workers to erode these differences. However, theories of SLM have since been radicalized and in such books as the *Contested Terrain* (1979) by Richard Edwards, segmentation of labour is not so much a matter of two or three contrasting *sectors* of economic activity as of many contrasting *categories* of workers within each and every capitalist enterprise in every sector of the economy.

As with the screening hypothesis, theories of SLM seem to imply certain definite predictions. Firstly, they imply that if we select some index of the quality of jobs, made up, for example, of starting wages, turnover rates, bouts of unemployment, increments of pay with the same employers and so forth, it will prove to be bimodally or multimodally distributed across different but well-defined categories of workers; in other words, 'good' jobs are not randomly assigned to workers whatever their personal characteristics. Secondly, and more importantly, SLM theories imply that there will be very little mobility over time between these well-defined job clusters. The last of these two implications has been pretty well refuted, at least for the American economy. The first implication, however, has been generally corroborated, although the dust has by no means settled in this controversial area.[4]

Internal labour markets and segmentation of labour markets destroy much of the elegant simplicity of Becker's famous distinction between 'general training' and 'specific training'. *General* training was said to raise the trainee's productivity, not just in the firm providing the training but in any firm whatsoever; private firms have no incentive to pay the costs of such training because they cannot guarantee that they will be able to retain workers who have received such training; in consequence, general training will only be provided if trainees pay for it themselves in the form of reduced earnings during the training period. The classic example of such general training is, of course, apprenticeship training, not just in industry but also in the professions. *Specific* training, on the other hand, raises the productivity of trainees only in the firm providing the training, so that firms do have an incentive to finance such training. Leading examples of this universal class of training are induction programmes for newly hired workers coupled with probationary periods of supervision. The question now is: is training, whether on or off the job, largely general rather than specific? This is like asking: who actually pays for most training, firms or workers? The difficulty with the question is that business firms may well pay for some portion of general training if they can thereby retain labour and reduce turnover costs. Once a firm is committed to sharing even general training costs with its workers, labour training may become a fringe benefit in an 'internal labour market', another method of bidding away labour from rivals. We are left at the end of the story with no general guidance on the financing of



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training, whether general or specific: in some firms it is paid for by the company and in others it is paid for by workers; it all depends on the strength of internal labour markets in certain lines of economic activity and on the degree to which the work force in an enterprise is segmented or not.

## SOME IMPLICATIONS

If we now add together the vital 'socialization' function of schools, the 'screening hypothesis' in the sense of statistical discrimination, the concept of the 'incomplete' employment contract, the phenomenon of 'internal labour markets' and the notion of labour market 'segmentation', we arrive at a picture of the economic value of schooling that is simply miles removed from the old-fashioned belief that education makes workers more productive and that employers pay them more because they are more productive. The basic problem in hiring workers is to induce them to co-operate in carrying out the tasks to which the enterprise is committed. At the same time, there is the information problem of discovering the potential aptitudes of individual workers so as to combine them together into a loyal team. The need for artificial filters or screens arises not just because genuine hiring search procedures are costly but also because they are socially divisive. The beauty of such filters as age, sex, race, marital status, years of work experience and, above all, educational qualifications is that at least some of them are generally regarded as socially legitimate, 'just', 'fair' and so on. Educational credentials, in particular, are widely held to be the product of individual effort and to that extent their use in recruitment and promotion meets with the approval of workers, employers and customers alike — a perfect social consensus!

It may be that schooling increases the productivity of individuals by making them more effective members of a production team or better able to handle machines and materials, but it would matter little if it were not so provided everyone thought it was so — which, of course, they do. What is important is that every worker accepts the principles on which some are paid more and some are paid less. Even if these payments are in reverse order of the true spot marginal products of individual workers, assuming that the marginal product of an individual worker can even be identified, the maximization of the output and minimization of the costs of the firm depend critically, not on the scale of individual rewards, but on the mutual co-operation of all workers in the enterprise. In short, screening by educational qualifications is economically efficient not because 'good' students are always 'good' workers but because educational credentialism avoids the inherent conflict of interests between workers and employers.

What follows from all this for educational policy? Firstly, we have said enough to show why labour markets tend to react to changes in effective demand by adjusting quantities rather than prices, numbers employed rather than wages: layoffs in a lump threaten the morale of the workforce less than an across-the-board cut in wages, particularly if the layoffs are concentrated among certain 'inferior' groups, like youngsters, women, blacks, etc.; likewise, fresh hiring in a boom generates the expectation of promotion among older workers, which is even more effective in raising morale than an actual promotion. Thus labour markets are inherently capable of continually absorbing workers with ever higher levels of education simply by adjusting the customary educational hiring standards for jobs. However, such adjustments, precisely because they must win, and must be seen to win, general approval, take time. A rapid flooding of a labour market with, say, university graduates may well produce graduate unemployment, whereas the same numbers could have been absorbed if they had been forthcoming at a slower rate. Similarly, a sudden glut of university graduates produces graduate unemployment because employers have misgivings about hiring overqualified applicants who tend to feel underutilized, making them ineffective workers. But declining job opportunities for university graduates forces degree holders to adjust their job aspirations downwards. In time, therefore, BAs will cease to feel themselves to be overqualified for, say, a secretarial post and in that sense the original objection to hiring them for such jobs will lose its force. Once again, it is not an absolute oversupply of university graduates but a rapid increase in that supply that causes graduate unemployment.

Contrariwise, there is no real sense in which a given level of education in the economically active population of a country can be said to be technically 'required' to permit the achieved level of economic growth of that country. That sort of argument grossly exaggerates the contribution of manipulative and cognitive skills in the performance of economic

functions, ignores the fact that such skills are largely acquired by on-the-job training, and utterly neglects the vital role of suitable personality traits in securing the 'invisible handshake' on which production critically depends. In short, educational policies may be fitted to literally any level or rate of economic growth and cannot be justified in terms of those patterns of growth. Education does make a contribution to economic growth, not as an indispensable input into the growth process, as first-generation economists of education used to argue, but simply as a framework which willy-nilly accommodates the growth process.

One is tempted at this point to provide numerous illustrations of the powerful policy implications of this new way of looking at the economic value of schooling. A single but telling example, however, must suffice for present purposes. One of the outstanding social problems of recent years has been the rising incidence of youth unemployment which has everywhere accompanied the appearance of slumpflation since the early 1970s. Most governments in industrialized countries have reacted to this problem by expanding training and work-experience programmes for out-of-school youngsters aged 16–19 years (Magnussen, 1977). Indeed, if we add all public expenditure on such schemes to those that directly subsidize the employment of young people, we reach figures for government expenditure on the employment and training of 16- to 19-year-olds that in some European countries equal the levels of expenditure on college and university education.

The motive for these programmes is sometimes taken to be simply that of removing as many people as possible from the unemployment rolls so as to put the best face on deflationary policies. But that is perhaps an unduly cynical interpretation. Governments themselves defend training and work-experience programmes for youngsters as repairing the deficiencies of formal schooling. In other words, their theory of why there is now so much youth unemployment is that secondary schools have failed to inculcate the requisite skills and positive attitudes that render a school leaver employable. From our standpoint, it is highly significant that many youth training programmes include training, not just in the three Rs and in low-level manipulative skills, but also in techniques of interviewing and presentation of biographical information, thus recognizing that employability depends as much on personality traits as on physical competence and cognitive knowledge. However, the difficulty with this quasi-official theory of youth unemployment is that it fails utterly to account for the emergence of heavy youth unemployment all over the industrialized world in the last half of the 1970s except by the implausible assumption that the quality of secondary education suddenly deteriorated badly in 1973 or thereabouts.

There is nothing new about the fact that in a recession the rates of joblessness for young people exceed those for adults. What is new about youth unemployment in recent years is that the gap which always opens up between the two unemployment rates in a recession has never been as large as it is today in most countries, and this despite a steady upward trend in the proportion of young people staying on in schools beyond the compulsory leaving age. Even when we standardize the figures for demographic changes and for changes in labour force activity rates, the size of the gap seems to be without historical precedent: in almost all capitalist countries unemployment for people under the age of 21 constitutes 40 and sometimes 50% of total unemployment (see Sorentino, 1981). The true causes of this problem still remain somewhat mysterious: it is as if employers all over the industrialized world became strangely reluctant after about 1973 or 1974 to hire young people for regular, full-time jobs; moreover, in some countries, like France, Germany, Sweden, Italy, and the U.K., this reluctance actually manifested itself as early as the late 1960s (Sorentino, 1981).

One can go some way towards explaining this phenomenon by taking account of the world-wide shift in the pattern of demand from the industrial sector to the service industries but this phenomenon still leaves unexplained a considerable proportion of youth unemployment. A more significant factor may be the gradual strengthening of job security provisions for adult workers in most industrialized countries. Traditional management prerogatives in dismissing labour have been substantially curtailed everywhere, and increasingly so in the 1970s — consider, for example, the successive impact in Britain of the Redundancy Payments Act of 1965, the Industrial Relations Act of 1972 and the Employment Protection Act of 1975 — and this has encouraged the substitution of older, experienced workers for younger, inexperienced workers in order to minimize rates of labour turnover. At the same time, a general narrowing of wage differentials between youth and adult workers, frequently as a

result of minimum wage legislation and union pressure, has tended to price youngsters out of the labour market. But a final element in the explanation of rising youth unemployment must be the phenomenon referred to earlier, namely, that of educational inflation in which the educational hiring standards of jobs are continually raised to absorb the ever-growing number of educated entrants into the labour force, a process which has no natural halting place other than the legal school leaving age. In other words, the problem of youth unemployment is to a considerable extent the product of the post-war explosion in post-compulsory education.

Be that as it may, current training, work-experience, job-creation and job-subsidization programmes for the age group 16–19 years continue to expand in most countries under the impetus of untested if not implausible hypotheses about the collapse of formal schooling coupled with half-baked ideas about the long-term training requirements of growing economies which private industry is somehow incapable of providing. There is, surely, a world of difference between creating jobs for which labour can be trained when it is recruited (with appropriate assistance from a relevant government department) and training people via special programmes for jobs which do not exist and may never exist. This elementary distinction is almost totally neglected in the recent world-wide upsurge of out-of-school programmes for youngsters aged 16–19 years.

If this much is accepted, we have illustrated a more general thesis, namely, that effective educational planning must be based on a realistic assessment of the operations of labour markets. Such markets are in a continuous state of flux, particularly in terms of employment patterns rather than relative wage differentials, and with the best will in the world it is difficult to avoid a situation in which every educational reform is addressed to curing yesterday's rather than today's ills. Economic growth and technical progress are just as capable of de-skilling existing jobs as of generating new jobs and new skills: consider, for example, the way in which the development of hand-held calculators and word processors has reduced the importance of functional numeracy and literacy in the work force and increased the importance of favourable affective attitudes to computer aids. The expansion of new industries and the contraction of old ones, changes in employment legislation, changes in trade union regulations, etc. are capable of rapidly altering existing patterns of recruitment. No method of educational planning can keep pace with this kaleidoscope and in this sense there is a real economic merit in general, academic education as a hedge against technical dynamism. The old battle cry for vocational job-specific education, which at first glance might seem to be the rallying grounds of economists, is actually the very opposite of what is implied by the 'new' economics of education. Here, as in so many other educational debates, the enemy is a Neanderthal economics of education concocted of a vulgar version of first-generation economics of education and old-fashioned shibboleths about the alleged economic value of schooling.

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## NOTES

1. My own textbook (Blaug, 1972) reflects those concerns almost perfectly.
2. See Carnoy (1977), the first to suggest that the 1970s saw some sort of watershed in the subject.
3. For some attempt to include non-cognitive outcomes see Bridge *et al.* (1979, pp. 59–67, 205–212) and Cohn (1975). On the general distinction between cognitive and non-cognitive outcomes of schooling, see Bloom *et al.* (1956).
4. See Cain (1976), Carnoy (1980), Gordon *et al.* (1982) and Blaug (1983, pp. 225–227).

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**Source:** M. Blaug, 'Where are we now in the economics of education?' *Economics of Education Review*, vol. 4, no. 1, 1985, pp. 17–28.

# 2

# Major theories of the labour market and women's place within it

C.O'Donnell*

*Within the labour market, female employees are over-represented in particular industries and occupations. They tend to receive lower pay than male workers and tend to occupy lower positions of status and power. Four major theoretical schools that attempt to explain these patterns are critically examined. These are the neo-classical economists in the human capital school; dual labour market theorists; labour market segmentation theorists; and feminists who use the term 'reserve army'. It is argued that the sexual division of labour is best understood by seeing the labour market as a structure of power where buyers and sellers of labour come to agreements over wages and work place organisation. Because of the unequal domestic division of labour, gender is a highly significant determinant of bargaining power. So is education. More empirical and historical studies of the state and service sectors need to be undertaken and would undoubtedly shed more light on the distortions in existing labour market theories.*

This article looks at theories of the labour market with reference to the situation of women workers who tend to be concentrated in particular industries and particular occupations, and whose average wage is lower than that of males. In Australia, for example, of the 37 industries listed in the Australian Standard Industrial Classification, 7 are classified as disproportionately female, 15 are classified as disproportionately male, and the remaining 15 industries as having both men and women 'well represented'. Eighty-four per cent of women workers are in overwhelmingly female occupations in that they are concentrated in 18 of the 61 occupations listed by the government statistician. Over half of the female workforce is concentrated in the five occupations of clerical worker, sales assistant, stenographer/typist, housekeeper/cook/maid, or teacher.[1] The average female wage is about 67 per cent of the average male wage.[2] In 1950, only 12 per cent of married women were working, but by 1974 40 per cent were.[3] Women are more likely than men to have insecure labour market status and to occupy the lower rungs of job ladders, even in occupational areas designated female.[4] How well is this situation explained by neo-classical theorists, dual and segmented labour market theorists, and feminist theorists interested in the idea of a reserve army?

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1. High Level Conference on the Employment of Women, *National Report for Australia*, OECD, Paris, 1980.
2. Australian Bureau of Statistics, *Average Weekly Earnings*, Catalogue 6302.0, 1983.
3. High Level Conference on the Employment of Women, op. cit.
4. See, for example, Report of the Anti-Discrimination Board of N.S.W., *Discrimination in Government Policies and Practices*, vol. 1 of part 2, May, 1978.

**The neo-classical school**

Neo-classical discussions most relevant to women workers are found in human capital theory and in the related discussions of discrimination in labour markets. Human capital theory assumes a direct causal relationship between education, productivity and wages. Workers have supposedly had a variety of choices in their lifetime regarding the type of schooling they will 'invest in'. The kind of jobs and wages they receive are viewed as resulting from their level of productivity, brought about by their schooling and any on-the-job training they have received. The theory assumes that employers demand what workers supply—stocks of human capital embodied in individuals. Employer demand is supposed to vary according to the level of employee productivity, with the result that 'if an individual's income is too low, his productivity is too low'.[5]

Theoretically, the forces of supply and demand will determine whether people will choose to invest in education or not. If highly qualified workers are in demand, high wages will lure the intelligent to make the investment in long periods of training. This training will increase their productivity, justifying their higher wages. The 'cost' of investing in human capital (education) is the wage that must be forgone during the training period. If the demand for highly educated workers drops, people will supposedly be less willing to risk the cost of training.

Becker suggested that women workers receive less than men because they choose to invest less in education, as a result of the desire to marry and give up working.[6] He claimed that women go to college partly to increase the probability of marrying a more desirable man, and that, if this is the case, the gain to women from additional schooling should be determined by family income classified by the wife's education, rather than by personal earnings so classified. This computation greatly increases the returns women gain on higher education. Mincer and Polachek used the concept of free choice to explain the labour market position of women in low wage areas and in particular kinds of industries.[7] In 1974 they argued that the burdens and hazards of market work may cause women to prefer a major domestic role and to have a weak labour force attachment. They claimed that since on-the-job training is costly in terms of forgone earnings, women who expect to drop out of the labour market maximise their earnings over their life cycle by avoiding employment that involves such training. It was also argued that the jobs women do are low paid because of low levels of productivity in these areas.

Women not only tend to gain lower pay than men, but also to experience higher rates of unemployment. Niemi[8] argued that women's movement in

5. L. C. Thurow, *Poverty and Discrimination*, Washington, The Brookings Institute, 1969, p. 41.
6. G. Becker, *Human Capital*, 2nd edn, New York, Columbia University Press, 1975, p. 101.
7. J. Mincer and S. Polachek, 'Family Investment in Human Capital: Earnings of Women', *Journal of Political Economy* **82**, 2, 1974, pp. 76–108.
8. B. Niemi, 'The Female-Male Differential in Unemployment Rates', in A. Amsden (ed.) *The Economics of Women and Work*, Penguin, 1980, pp. 325–50.

and out of the labour force because of their domestic role is a major explanation for their higher unemployment rates. Re-entrance to the labour market typically involves a period of search, which Niemi conceived of as an income maximising strategy since the best-paying job available may take some time to find. In short, Niemi argued that women's unemployment is predominantly voluntary. They choose to remain without work in order to eventually find the best possible job.

Becker's studies showed, however, that even when they had the same levels of education, blacks received lower wages than whites, and women received lower wages than males.[9] The result of these findings was the further development of studies of the nature of discrimination, on the one hand, and of the relationship between the family and the market place on the other. In regard to the higher unemployment rates of blacks compared with whites, Becker suggested some employers have a 'taste' for discrimination, which involves costs. Because of this, it would be unlikely that discrimination would continue for any length of time, since the discriminating employer would be more likely than other employers to be unable to operate competitively. If blacks are prepared to work for lower wages, the employer who does not prefer them to equally productive (equally educated) whites, is, in theory, cutting his own throat. The market irons out imperfections since, by refusing to employ blacks, the boss is either forgoing cheaper labour or forgoing more productive labour if he employs a white with lower qualifications in preference to a black with higher ones.

Writers such as Arrow[10] and Spence[11] argued that discrimination is the result of employers making assumptions because of imperfect information about true productivity. The cost of reducing the uncertainty by providing additional information about the group of workers is shifted by the employer onto their shoulders. Thurow, however, pointed to the inequalities in power between blacks and whites, where the dominant group controls much more than its willingness to trade or not to trade with the minority group. He claimed that

> Physical, social or economic pressures may enable the dominant group to trade with the subservient group as a discriminating monopolist or monopsonist. The minority group may have few options and certainly not the option of refusing to trade. Subsistence (social or physical) may require trade. Negroes live in a white supremacist society, not just a segregated society.[12]

The writings of Thurow, though still operating within many of the neoclassical assumptions, presented a substantial divergence from the earlier views of writers such as Becker and Mincer. This line of argument was to be

9. G. S. Becker, *The Economics of Discrimination*, 2nd edn, University of Chicago Press, 1971.
10. K. J. Arrow, 'Models of Job Discrimination', in A. Pascal (ed.) *Racial Discrimination in Economic Life*, Lexington, 1972, pp. 83–102.
11. M. Spence, 'Competitive and Optimal Responses to Signals, Analyses of Efficiency and Distribution', *Journal of Economic Theory* 7, 1974, pp. 296–332.
12. L. C. Thurow, *Poverty and Discrimination*, op. cit., p. 159.

taken up by many of the new feminist writers, who argued against the earlier 'free choice' formulations of the theory. Fanning Madden,[13] for example, argued for a monopsony explanation of discrimination against women in a similar vein to Thurow's discussion of blacks. Altman[14] cited the case of nurses who may face a collusive group of employers and who may be relatively immobile as workers because they are tied to an area by family responsibilities.

Criticism from within the neo-classical paradigm has been levelled at writers such as Mincer and Polachek by Bergmann and Adelman,[15] Chiplin and Sloane,[16] and Ferber and Lowry,[17] to name just a few. The points at issue are the meaning of free choice, and the cause and effect relationship. Ferber and Lowry distinguished between direct and indirect discrimination against women. They argued that the former takes place when men and women who are equally qualified are not treated equally in the labour market, whether by employers, fellow workers, customers or others. They pointed out that this leads to behaviour (such as lack of ambition) that further handicaps the person discriminated against, giving rise to cumulative or incremental discrimination. Indirect discrimination in the form of socialised role differentiation was addressed by Fuchs,[18] who argued that this differentiation affects labour-force attachment, choice of occupation, location and hours of work, post-school investment, and consumer and fellow employee attitudes. Mincer and Polachek's critics claimed that the narrow labour market 'choice' of women constitutes a form of discrimination in that these occupations bear low remuneration compared to male-dominated occupations. To combat the argument that these occupations are low paid because of low productivity, it was pointed out that in other cultures, when these jobs are carried out by men, they are comparatively highly paid.

Thus, with regard to the situation of women, the discussion of discrimination tends to produce two camps: they who deny its existence by explaining things in terms of the rational free choice of individual women, and those who are certain it exists and results from collusive practices by a more powerful group within the labour market. It is clear that once power is introduced centrally into neo-classical analysis, the paradigm starts to shift very significantly. To a great extent, the discussion on discrimination marks a move by some writers towards a perspective taken up with enthusiasm by dual labour market theorists.

13. Cited in G. Cain, 'The Challenge of Segmented Labor Market Theories to Orthodox Theory: A Survey', *Journal of Economic Literature* December, 1976, p. 1233.
14. ibid., p. 1233.
15. B. Bergmann and I. Adelman, 'A Comment on the Council of Economic Advisers: The Economic Role of Women', *The American Economic Review* **VLXIII**, 1973, pp. 509–14.
16. B. Chiplin and P. J. Sloane, 'Personal Characteristics and Sex Differentials in Professional Employment', *The Economic Journal* December, 1976, pp. 729–45.
17. M. Ferber and H. Lowry, 'The Sex Differential in Earnings: A Reappraisal', *Industrial and Labor Relations Review* **29**, 1975–6, pp. 376–87.
18. V. Fuchs, 'Women's Earnings: Recent Trends and Long Run Prospects', *Monthly Labor Review* **97**, 5, May, 1974, p. 23.

**Dual labour market theory**

There are few ideas in dual labour market theory that are new to neo-classical economic thought. The differences between the two schools of thought lie primarily in their emphases. Whilst neo-classical theory emphasises equilibrium and even development within the labour market, dual labour market theory sees uneven economic development as the more common situation. Neo-classical theorists are prone to discuss the characteristics of workers as the major determinants of the labour market; dual labour market theorists emphasise demand, rather than supply, factors. Kinds of jobs, rather than characteristics of workers, are the main focus of discussion in explaining labour market phenomena.

The central thesis of dual labour market theory is that the labour market is divided into separate segments. Dual labour market theory concentrates on two major segments, and concepts of labour market segmentation emphasise a greater number of divisions. The idea that the labour market is divided was first developed in economic thought by John Stuart Mill, who coined the concept of non-competing groups. He pointed out that the theory of perfect competition assumes that the most objectionable kinds of jobs will provide high wages, because few people would otherwise be willing to undertake them. He claimed that, in reality, however,

> the really exhausting and the really repulsive labors, instead of being better paid than others, are almost invariably paid the worst of all, because performed by those who have no choice . . . The undesirable (laborers) must take what they can get. The more revolting the occupation the more certain it is to devolve upon the most helpless and degraded, on those who from squalid poverty or from want of skill and education, are rejected from all other employments. Partly from this cause, and partly from the natural and artificial monopolies . . . the inequalities of wages are generally in an opposite direction to the equitable principle of compensation erroneously represented by Adam Smith, as the general law of the remuneration of labour.[19]

His argument that there is a separation so strong between the different grades of labourers, 'as to be almost equivalent to a hereditary distinction of caste', is one of the earliest formulations of the labour market segmentation argument.

From the 1950s, Clark Kerr had been an important critic of the concept of the free labour market. He drew a three-way classification consisting of open, guild and manorial markets.[20] According to Kerr, the open market is the unstructured, competitive type. Guild markets are stratified horizontally and are typically occupied by employees with recognised craft-like skills. These latter markets tend to predominate in skilled crafts that are highly unionised. Workers remain within an industry or craft but move freely from firm to firm so long as they have the proper credentials. Admission of outsiders into the guild system is closely controlled through training and other requirements, thus preserving the security of those inside the

19. Cited in G. Cain, op. cit., p. 1225.
20. C. Kerr, 'The Balkanization of Labor Markets', in E. Wight Bakke et al., *Labor Mobility and Economic Opportunity*, Cambridge, Technology Press, 1954, p. 101.

guild. Manorial markets tend to be related to a specific firm and are a form of vertical stratification emphasising attachment to a particular place of work. Movement takes place vertically along a job ladder, and seniority governs lay-offs and other movements within and outside the system. In manorial markets, firm-specific training is thought likely to be important. Technology is claimed to be one of the chief determinants of firm-specific training in manorial markets. People are moulded to jobs, rather than the reverse, which is the neo-classical emphasis.

The concept of internal labour markets as developed by Kerr was followed by a related development in dual labour market theory. Averitt's view was that the national economy is characterised by centre and peripheral organisation.[21] The centre firm is large in size, as measured by number of employees, total assets, and yearly sales. It tends towards vertical integration (through ownership or informal control), geographic dispersion (national and international), product diversification and managerial decentralisation. The periphery firm, however, is relatively small.

> It is not integrated vertically, and it may be an economic satellite of a centre firm or cluster of centre firms. Periphery firms are less geographically dispersed, both nationally and internationally. Typically they produce only a small line of related products . . . Their emphasis is on short run problems . . . They usually inhabit relatively unconcentrated markets.[22]

Averitt argued that centre firms are often matched by strongly organised unions that can win gains for their members that, if passed on, disrupt the peripheral economy. He argued that there is a tendency for the centre to grow at the expense of the periphery, and he viewed technological development as intrinsic to this process. The existence of the centre firm was said to flout the major premises of neo-classical economics and, on the whole, he regarded such firms as providing positive social benefits which could not be matched in the insecure peripheral firm. In Averitt's view, the development of the centre firm leads to 'the development of a perpetual full-employment economy', a view that would be less plausible today than in 1968, when *The Dual Economy* was written.

O'Connor's[23] work developed Averitt's theme. He divided the economy into three sectors: the monopolistic and competitive (which correspond to Averitt's centre and periphery), and the state sector. Both writers assumed that the good jobs are to be found in the big firms. O'Connor claimed that the size of monopolistic product markets, their stable industrial structures, and their large profit margins make it comparatively inexpensive for such corporations to recognise unions. He argued that in the monopoly sector the willingness of employers to bargain with their unions has allowed the development of strong internal markets. Such is not seen to be the case in the competitive sector of the economy, where the operation of the market

21. R. Averitt, *The Dual Economy*, New York, W. W. Norton & Co., 1968.
22. ibid., p. 87.
23. J. O'Connor, *The Fiscal Crisis of the State*, New York, St James Press, 1973.

allows employers less leeway to tolerate worker demands. He argued that the demand for labour in the state sector, although relatively stable, is subject to political shifts that affect budgetary priorities and that, in this sector, these political forces are major determinants of state employment policies. In general, state subsidisation of production ensures stability, and white males monopolise the better paid state sector positions.

> At the same time, the political norms that govern hiring, promotion, transfer and other personnel decisions (e.g. equality of opportunity, equal pay for equal work, etc.) compel state enterprises and contractors to open doors to oppressed minorities and women.[24]

O'Connor claimed that the continual expansion of the monopoly sector of the economy produces, of necessity, an expansion of the state as well, and that there is a political press for wage and security gains made by workers in the monopoly sector to be passed on to state-sector workers, in a way that is economically impossible for employers in the competitive sector.

Of all the writers in the dual labour market school, Doeringer and Piore have perhaps been most influential.[25] Their major emphasis was on firms rather than on macro-economic developments. They argued that many firms present an internal labour market within which the pricing and allocation of labour is governed by a set of administrative rules and procedures. This internal labour market of the firm is to be distinguished from the external labour market of conventional economic theory where pricing, allocating and training decisions are controlled directly by economic variables. The two markets are interconnected by certain job classifications, which constitute ports of entry and exit between the markets. Most of the jobs within the internal market, however, are filled by the promotion or transfer of workers who have already gained entry and are thus shielded from direct competition by workers in the external market. Stability of employment is the most important feature of the internal labour market, and it is desired by both employers and workers. Both groups have an interest in protecting the position of workers who have entered skill-specific industries, because employers invest in training, and once the investment has been made it leads them to stabilise employment and reduce turnover so that they can capture the benefits of the training. In this theory, education is viewed as a screening device, a means by which employers discriminate between individuals and make choices at the 'port of entry' to a particular internal market. Wage structures are not seen as a close reflection of marginal labour productivity related to varying investments in education by different workers who consequently receive different wages.

The writers were vague regarding the areas of the economy where internal labour markets can be said to apply. They claimed that for blue-collar workers who are in manufacturing the internal labour market is generally synonymous with the establishment, where the predominant pattern

24. ibid., p. 18.
25. P. B. Doeringer and M. J. Piore, *Internal Labor Markets and Manpower Analysis*, Heath Lexington Books, Mass., 1971.

appears to be one in which production jobs are arranged in seniority degrees or lines of progression. Entry job classifications lie at the bottom of each of these ladders. They argued, however, that their analysis can by no means be limited to blue-collar jobs or to manufacturing enterprises, but that it applies more broadly in the economy.

Internal markets are found in the most stable and administratively well organised segments of the economy where better-educated and skilled workers usually find employment, but other establishments operate within a secondary labour market. This is a low-wage labour market offering casual, part-time, or insecure work with poor working conditions, little chance of advancement, and no fringe benefits. Hospitals, hotels, warehouses, building maintenance services, and industrial sweatshops are cited as examples of the low-wage labour market in Boston. It is argued that these low-wage dead-end jobs can only attract certain kinds of workers, such as blacks or recent immigrants, teenagers with little or no previous work experience, adults with a work history of chronic turnover and poor work habits, persons with clearly defined obstacles to employment including the aged, mothers with young children, students seeking part-time work, alcoholics and addicts, or the mentally or physically handicapped.[26] Doeringer and Piore give us little idea of why men and women end up in different jobs, although their ideas have influenced later writers in the field. They merely comment that

> Many employers do not appear to draw distinctions between one secondary worker and another other than on the basis of sex or physical strength, and almost seem to be hiring from an undifferentiated labour pool. Since turnover is high and the right to discharge relatively unrestricted, more careful pre-employment screening is not generally warranted.[27]

It is clear that the terminology of dual labour market theory is a shifting one. Averitt tended to suggest that centre firms supply good jobs and peripheral firms, bad ones, but Doeringer and Piore recognised secondary labour markets inside some centre firms. Their emphasis on a secondary labour market within firms was not, however, strongly developed. Other writers within the tradition discussed workers rather than jobs. Morse,[28] for example, defined the peripheral worker as someone who works less than full-time for the full year. He claimed that 45 per cent of the United States workforce is peripheral.

Often writers discuss certain social groups as if they automatically occupy the secondary labour market. Migrants, women and blacks have all been seen as occupying the secondary labour market, which is synonymous with the peripheral economy in the minds of some writers. Castles and Kosack argue,[29] for example, that migrant secondary workers have the worst paid and most unpleasant jobs because they have arrived only recently on the

26. ibid., p. 179.
27. ibid., p. 168.
28. D. Morse, *The Peripheral Worker*, Columbia University Press, 1969, p. vii.
29. S. Castles and G. Kosack, *Immigrant Workers and Class Structure in Western Europe*, Oxford University Press, 1973.

labour market and fill the gaps left by the conventional workforce. Their view also suggests that such jobs are residual in relation to the drive towards modernisation and automation in the secondary and tertiary sectors, that is, they are jobs left out of the mainstream of capitalist development that will in the future be transformed or disappear. (This view that late arrival on the labour market leaves you with the worst jobs is, of course, different from the neo-classical assumption that a labour market queue is based on the desirability to employers of potential employees.) Castles and Kosack put forward the classic view that the development of the centre economy tends to produce better jobs than those to be found in the periphery. On the other hand, Badouin, Collin and Guillerm drew attention to the view that

> the development of the employment of women and immigrants ties in with the present day development of production forces and hence the types of employment offered in this way are not marginal to the system but inherent features of it.[30]

The debate is exemplified by Averitt, on the one hand, and Braverman,[31] on the other. The former argued that the drive towards economies of scale and technological development provides more secure and meaningful work. Braverman argued that technological development de-skills and de-stabilises the worker's situation.

Offé and Hinrich[32] stated that migrants, youth, women and the aged tend to be found in the secondary labour market because an alternative role of subsistence outside the labour market is supposed to be available to these groups. Partly, these alternative roles (return to home country, dependence on parents or husbands, retirement) are accepted by the workers themselves, which, among other things, may contribute to their low level of identification with the job and their low rate of unionisation. Another explanation for the labour market position of 'problem' groups, according to Offé and Hinrich, is that policies of trade unions and shop stewards are mainly guided by the image of the 'normal' male full-time worker to whom no alternative economic role is ascribed. Consequently, 'marginal' workers not only lack educational qualifications, they also lack efficient representation of their interests. As Kreckel pointed out,[33] the 'alternative role' hypothesis cannot fit the situation of some 'problem' groups, such as the American black.

30. T. Badouin et al., 'Women and Immigrants: Marginal Workers?', in E. Crouch and T. Pizzorno (eds) *The Resurgence of Class Conflict in Western Europe Since 1968*, Macmillan, 1978, p. 75.
31. H. Braverman, *Labor and Monopoly Capital*, New York, Monthly Review Press, 1974.
32. C. Offé and K. Hinrich, 'Sozialokonomie des Arbeitmarketes und die Lage "benachteiligter" Gruppen von Arbeitnehmern', in C. Offé (ed.) *Opfer des Arbeitsmarketes. Zur Theorie der strukturierten Arbeitslosigkeit*, Neuwied-Darmstadt, Luchterhand, 1977, pp. 3–61.
33. Cited in R. Kreckel, 'Unequal Opportunity Structure and Labour Market Segmentation', *Sociology* **14**, 4, November 1980, pp. 538–40.

Barron and Norris[34] argued that in Britain the secondary labour market is pre-eminently a female labour market, taking low earning levels as an indicator of the secondary status of a job. These writers calculated a combined mean for all men and women of gross hourly earnings and found that only 7.8 per cent of full-time manual men and 2.8 per cent of full-time non-manual men were paid less than two-thirds of this figure. They claimed that the secondary labour market is a female market because, in the low-paid sector, women outnumber men by more than five to one.

Like Doeringer and Piore these writers argued that a primary market is created from the need to tie skilled workers into the firm and reduce labour turnover among groups of workers with scarce skills by buying off highly valued workers in the face of demands for improved pay and working conditions. They argued that this is facilitated by the growing presence of a group of female workers who, because of their role as secondary bread-winners within the family, are prepared to accept inferior pay, job insecurity and lower status.

Barron and Norris have formulated five characteristics of workers in the secondary labour market:

1. Workers are easily dispensable, either voluntarily or involuntarily.
2. They can be differentiated from workers in the primary labour market by some conventional social difference.
3. They have a low inclination to acquire training and experience.
4. They do not regard economic reward highly.
5. They have little chance to develop worker solidarity.

Because of their primary role within the family, supported by a male wage and bearing the brunt of child-rearing and domestic labour, women, according to Barron and Norris, have the appropriate characteristics for the secondary labour market. They demonstrate comparatively little involvement in union organisation owing to heavy domestic responsibilities and a socially constructed self-definition as private rather than public persons. Within the family, women learn to see themselves as wives and mothers rather than as workers. These writers pointed out that it is important not to confuse properties of jobs with characteristics of job holders. Individuals confined to a particular sector of the labour market will develop behaviours and attitudes as a result of that confinement. This is then seized upon, both by employers and researchers, as false justification of their labour market position.

The view, however, that women as such form a secondary labour force is problematic. Its shortcomings are related to the fact that dual labour market theories are contradictory regarding conditions under which jobs can be characterised as primary or secondary and in what economic circumstances each kind of job market arises. The complexities of the workforce structures are reduced by Barron and Norris to the single simple computation of average pay as a means of allocating workers to a primary

34. R. D. Barron and G. M. Norris, 'Sexual Divisions and the Dual Labor Market', in D. L. Barker and S. Allen, *Dependence and Exploitation in Work and Marriage*, London, Longman, 1976, pp. 47–69.

or secondary market. This does nothing to explain why there is a range of women's jobs. There is no explanation either of why such jobs as social worker, teacher and nurse, all skilled and all stereotypically female, have been allowed to remain in feminine hands. The Barron and Norris version of dual market theory is too blunt an instrument to tell us much about the sexual distribution of jobs in the workforce.

Badouin, Collin and Guillerm,[35] in a study of a number of European countries, lumped women and immigrants together and placed them in the secondary labour market on the simple basis that 'they are largely unqualified, i.e. unskilled workers'. In the Australian context, this is far too simple as a description of women workers, particularly in the case of young women. Since 1976, school retention rates of girls have not only equalled but have passed those for boys, and there is a situation of approaching numerical equality in representation in universities and colleges of advanced education. It could be argued that, structurally, the position of women who are single and women who are married cannot be equated, let alone the position of women and migrants. Perhaps married women, students, and those holding down a second job could be seen to have something in common as workers in that they all theoretically have some alternative means of support in the form of husbands, parents, scholarships, and so on. This kind of argument cannot, however, easily explain the poor labour market situation of many immigrants in Australia, since they are so far away from any family support in their country of origin and since returning home is so expensive.

On the whole, there appear to be two different kinds of theorising about the dual labour market. The first kind is potentially useful in that it is focused squarely on the problem of how the need for capital accumulation produces different kinds of labour market organisation within the various sectors of the capitalist economy. This kind of analysis doesn't say much about the workers in these sectors, but it is a dynamic analysis that comes to terms with the way interaction between the various interest groups in the labour market produces labour market structures, given the central capitalist aim of continued accumulation. The second kind of dual market analysis tends to be more static and less promising. It takes a group of workers, for example, women, blacks, or migrants, and allocates them to secondary labour market status in an unproblematic way, going on to discuss the reasons why such workers supposedly occupy this status.

In relation to women, this approach is too simple. It is not useful to lump all female jobs into the secondary labour market as if being a social worker were fairly similar to being a factory worker. This kind of theory ignores the class position of a woman's family and the education associated with this position, which has produced important changes in the kind of work accessible to some women.

The vagueness of dual labour market writers on the subject of where primary and secondary labour markets are located and how they are developed leaves us with a problem regarding the role of education in

35. T. Badouin et al., op. cit.

allocating workers to labour markets. The Doeringer and Piore analysis suggests that the primary or internal market develops where the skills of workers are a crucial component in determining the willingness of the employer to bargain with workers whose continued employment is valued by both capital and labour alike. For O'Connor, internal labour markets develop because monopoly firms want to avoid worker disruption and hence are prepared to deploy some of their ample profits to meeting worker demands. The education level or skills of workers play a less important part in this analysis.

Though dual labour market theory of the kind that focuses on demand factors rather than on kinds of workers has a persuasive ring, its development as a theory is distorted by its focus on the manufacturing sector of the economy. The Doeringer and Piore analysis is based on interviews with managers and union officials predominantly in manufacturing concerns, and it largely ignores the service sector and the state. Dual labour market theory is too often based largely on interviews with men in predominantly male areas of employment. How far it can be generalised beyond the specific cases is highly questionable. Some of the most glaring omissions are in areas of work where women are concentrated. Averitt, for example, spent pages pointing out that giant retail firms must be seen as centre employers. For Averitt centre firms are 'good' employers. Today, however, these firms are responsible for a classic case of under-employment of females in temporary, casual, and part-time retail work. Dual labour market theory may be taken as a starting point, in my opinion, but until the analysis seriously considers state and service industries, it cannot be a major tool in analysing the position of women.

**Segmented labour market theory**

Out of dual labour market theory has developed the theory of labour market segmentation. This has been a popular brand of theory for American neo-Marxist writers such as Edwards, Reich and Gordon.[36] Labour market segmentation theory is seen by some writers as synonymous with dual labour market theory. Its emphasis is not, however, on two major labour market divisions but on a market consisting of many separate groups of workers. Gordon commented that, because of the continuing drive for accumulation and control of workers, it becomes increasingly likely that employers 'will seek to balkanise the labour market, creating highly stratified clusters of jobs quite distinctly separated from each other'.[37] He claimed such segmentation of jobs, according to race, age and sex, has political and economic utility for capital. The analysis views divisions within the labour market not only as a means of increasing productivity by employing different types of workers at lower rates, but also as a means of ensuring worker stability by limiting the potential spread of class

36. R. C. Edwards, M. Reich and D. M. Gordon, *Labor Market Segmentation, D.C.*, Heath & Co., Mass., 1973.
37. D. M. Gordon, *Theories of Poverty and Underemployment*, Heath Lexington Books, Mass., 1972, p. 78.

consciousness among the most disadvantaged workers. The segmentation of the labour market is seen as intimately linked to the division of labour, and both are seen as a means of cheapening production and preventing groups from focusing upon their common condition by emphasising 'fine distinctions of status and a multiplication of occupational worlds'. Gordon concluded:

> It seems likely that members of the capitalist class have sought increasingly to encourage and permit the development of several objectively defined classes in the American labor market, each in objective competition with the others in order to heighten the stratification of the labor force.[38]

Reich, Edwards and Gordon dated the development of a segmented labour market between 1890 and 1920,[39] when the American economy supposedly experienced a critical transition from competitive, local-market-oriented capitalism to a more or less closed, oligopolistic, national- and international-market-oriented capitalism dominated by giant corporate enterprises. The new needs of monopoly capitalism for control were threatened by a great upsurge in labour conflict, particularly as the workforce was becoming increasingly homogeneous and proletarian in character as part of the development of capitalist relations of production. To meet these worker threats, employers supposedly turned to strategies aimed at dividing the working class. Developments such as Taylorism, Scientific Management, and a whole new system of stratified jobs with appropriate conditions and pay scales were brought in to break worker solidarity. Stone[40] outlined this process in a much cited paper which traces this transition in the history of the United States steel industry. Hierarchy and bureaucracy are seen primarily as management tools developed by powerful capitalists to control workers. In such an analysis, education is seen as predominantly a tool to be used in the deepening of divisions within the working class. Educational credentials began to be used to routinise and legitimate entry to jobs. Employers supposedly played an active role in moulding educational institutions to serve these channelling functions.

Labour market segmentation has been a popular theory among radical writers in Australia, and Power has been highly influential with her analysis of the sexually segmented labour market. She noted that many occupations that employ women are similar to housework: women's paid work often involves cleaning, working with food or clothing, or caring for the young or the sick.[41] Even in relatively high level occupations, administrative and executive positions in highly feminised areas, such as teaching or social work, tend to be held by men. Within the hierarchy related to class and ethnicity, the jobs considered appropriate for women are consistently of lower pay and status than those for males.

38. ibid., p. 79.
39. R. C. Edwards, M. Reich and D. M. Gordon, op. cit., p. xi.
40. K. Stone, 'The Origins of Job Structures in the Steel Industry', in R. D. Edwards, M. Reich and D. M. Gordon, op. cit., pp. 27-85.
41. M. Power, 'The Making of a Women's Occupation', *Hecate* 1, 2, July, 1975, p. 25.

Supposedly, labour market stratification is not a static concept, because,

> In a dynamic labour market, occupational changes occur continually; existing occupations change their characteristics, new occupations appear and old occupations decline and disappear in the face of economic, technological and social changes. Parallel with these changes in the nature of occupations will be changes in the composition of the labour force and, more particularly, there will be changes in the occupational distribution of women and men, of migrants and aboriginal workers.[42]

In fact, labour market segmentation theory tends to be used in two rather undynamic ways. Sometimes it is used descriptively. A grid is set over the labour market and the various groups that occupy parts of it are described. There is little explanation given as to how the various groups under discussion came to occupy their labour market positions. Like a stratification theory of class, a hierarchy with cut-off points is described, rather than a dynamic set of relationships based on the problem of continuing capital accumulation. Like dual labour market theory, labour market segmentation theory sheds little light on why some jobs are stereotyped male and others female, let alone the forces causing jobs to change their sex stereotype.

Although other writers refrained from using labour market segmentation theory as a static grid, they explained segmentation in terms of the supposedly gigantic power of capital over workers. Barbalet correctly attacked the functionalism implied by writers such as Stone, who saw the individual capitalist's treatment of his labourer as necessarily functional to the survival of the capitalist class. He rejected the view that there is an identity of need between individual members of a class and the class itself. He also attacked the proposition that capitalists act in consciousness of their class interests and of the likely consequences in class terms of their actions. Although conscious class interaction does occur, 'before they can be anything else, the relations between classes are primarily the non-conscious and supra-individual interactions of private property and the labour market'.[43] Most importantly of all, Barbalet criticised the assumption in radical writers such as Stone, Braverman, and Baran and Sweezy that the capacity to stratify the workforce is unique to capital. He pointed out that labour market segmentation is not necessarily against the interests of labour in that it may give indication of potential future employment security and minimise competition for jobs. The major point is that the formation of hierarchies within the labour market, and thus the discontinuities through the working class, can be an unintended consequence of workers obtaining concessions from or making agreements with employers. Alternatively, a particular working class group may seek to advantage its position relative to the class as a whole by directly limiting the

42. M. Power, 'Cast-Off Jobs—Women, Migrants and Blacks May Apply', *Selected Papers from the First Political Economy Conference*, Sydney, 1976, Mimeo.
43. J. Barbalet, *Class Interaction and Intra-Class Division*, Paper presented at the Organization Economy Society: Prospect for the 1980's Conference, Brisbane, 1981, p. 3.

conditions and opportunities of others within the same class. Here one section of the working class divides itself from the rest.

**Women as a reserve army**

Some feminist writers have turned their attention to explaining why an increasing number of married women have entered the labour force since the end of the Second World War. Writers in the early seventies argued that married women constitute a reserve army of labour. The formulation in Adamson, Brown, Harrison and Price[44] is a simple one, which suggests married women are a cyclical reserve army and their employment depends on economic fluctuation between boom and recession. Women at home can be drawn into production when labour is scarce and can be thrown back into the home when accumulation stagnates. The use of women's paid labour during the Second World War and their return to the home after the war has been used to illustrate this argument, as has the view that women were the first to be fired during the Depression of the 1930s. This description of the cyclical function of the female reserve army entering and leaving the labour force in response to the entry and exit of men was to some extent contradicted by an alternative view which saw capital as preferring female to male labour because it was cheaper and largely unorganised.[45]

Criticisms of the concept of women as a cyclical reserve army, easily pulled in and out of the workforce, were mounted by Milkman[46] in the United States and by Power[47] in Australia. Milkman demonstrated historically that, in the United States in the 1930s, the sexual segregation of occupations created an inflexibility in the labour market that prevented either sex being easily replaced in favour of the other. She argued, however, that women's unpaid household work during the period 'took up the slack' and kept the family afloat during the crisis. In discussing the sexual segregation of occupations in Australia, Power also pointed out that different areas of the economy are affected differently by recession or boom. In Australia, the service industry, which employs many women, has continued to expand during the present recession, but women workers have been hit hard by the closure of many manufacturing establishments, which employ large numbers of women workers, such as in the textile, clothing and footwear areas. Power noted that today, as in the Great Depression, occupational segmentation and the use of women to cheapen the labour process (for example, in the increasing use of part-time work) have given women relative job protection in the recession, unless they are employed in industries that have been particularly hard hit economically.

44. O. Adamson et al., 'Women's Oppression Under Capitalism', *Revolutionary Socialist*, N580.5, November, 1976, pp. 2–33.
45. Cited in I. Bruegel, 'Women as a Reserve Army of Labour: A Note on Recent British Experience', *Feminist Review* 3, 1979, p. 14.
46. R. Milkman, 'Women's Work and Economic Crisis', *Review of Radical Political Economy* 8 (1), Spring 1976, pp. 73–97.
47. M. Power, 'Women and Economic Crises: The 1930's and the Present Crisis', *Journal of Australian Political Economy* 4, March, 1979, pp. 3–14.

Simeral[48] argued that married women have constituted a latent reserve army of labour for capitalism. Marx spoke of a latent reserve only in relation to agricultural workers who come to the city as the capitalisation of farming increases and fewer workers can make a living on the land. Simeral argued that married women have formed a similar reserve army through the development of what Braverman calls 'the universal market'. He claimed that the capitalist mode of production gradually cheapened manufactured goods and made home production uneconomic, and that the industrialisation of food and other elementary home provisions was the first step in a process that eventually led to the increased dependence of all social life upon the marketplace.

> Thus the population no longer relies upon social organisation in the form of family, friends, neighbours, community, elders, children, but with few exceptions must go to market and only to market, not only for food, clothing, and shelter, but also for recreation, amusement, security, for the care of the young, the old, the sick and the handicapped.[49]

This is the field of employment, the service industries, into which women are drawn, according to Braverman. The goods and services produced by the unpaid labour of women in the home are now produced by paid labour outside the home. Simeral's view was that women have not only constituted a latent reserve army, but they have also been a cyclical one, given that their workforce participation is more tenuous and vulnerable than a man's because of their central role in domestic work and reproduction. She argued that, although women have in the past been an important component of the cyclical reserve army of labour, this role is changing as they become more stable labour force participants and enter industries which are not cyclically sensitive. Beechey argued a similar position, stating that women form a convenient cyclical reserve as well as a latent reserve because those 'who are made redundant are able to disappear virtually without trace back into the family'.[50]

Power and Milkman mounted criticisms of reserve army theories on the basis of the sex stereotyping of occupations, which makes the easy substitution of one sex for the other difficult. A related argument is that the function of a reserve army of unemployed workers depends on the level of bargaining power and organisation of the employed workers themselves. Because size and composition of the reserve army are intrinsically related to the industrial gains and losses of the already employed, to focus on that reserve army, abstracting it from its relationship to the fortunes of the employed, is to replace a set of dynamic relationships with a set of static categories. An understanding of the reserve army cannot be gained other than through a historic understanding of the successful and failed struggles

48. M. Simeral, 'Women and the Reserve Army of Labour', in *Essays on the Social Relations of Work and Labour*, A Special Issue of the *Insurgent Sociologist* VIII, II & III, Fall 1978, pp. 164–80.
49. H. Braverman, *Labor and Monopoly Capital*, New York, Monthly Review Press, p. 176.
50. V. Beechey, 'Some Notes on Female Wage Labour in Capitalist Production', *Capital and Class*, Autumn 1977, pp. 45–66.

of labour in particular industries since, in Gidden's words, 'the labour market is intrinsically a structure of power; a system of economic relationships founded upon the relative bargaining strengths of different groupings or individuals'.[51] The study of the reserve army must also be a study of the efforts of groups of workers to resist capital's attempts to apply the market principle to their labour. For academics, for example, the success or failure of the struggle over academic tenure will partly explain the composition of the group seeking academic employment.

A second point to be made is that the nature of a reserve army cannot be understood without an understanding of the relationship between education level and labour force allocation. Feminist writing about education has concerned itself with the ideological role of education in socialising women into 'feminine' expectations and assumptions. Yet neo-classical and dual labour market theories regard education as crucial in explaining why some workers get hired in preference to others, why some workers get promoted, why others get retrenched, and why others are in the unemployment queues. It is not necessary to believe that education is related directly to productivity, as human capital theorists do, in order to recognise that it is an important determinant of the bargaining power of workers, whatever their sex. Similarly, the chances of gaining work if one is unemployed are centrally related to one's level and type of education.

Different kinds and levels of education create non-competing groups within the labour market. The size of reserve armies attached to particular areas of work is dependent to a very great extent on the educational qualifications that the unemployed groups possess. The fact that doctors have so much power over their work situation is related to the length and other requirements of their training, and the small size of the reserve army who are eligible to become doctors. On the other hand, within the retail trade, the fact that the whole population learns the basic skills of mathematics at school accounts for the vast pool of potential workers (such as housewives and students) who stand outside the industry but who are willing and able to enter it. Their existence partly explains the structure of retail employment. Women cannot be discussed *en masse* as a reserve army without some awareness of the way educational and other factors structure them into non-competing groups.

The absence of any theory of education produces problems for many of those writing about women as a reserve army of labour. They are constantly being referred to as desirable to capital because they are *cheap* and unorganised. In certain areas of work (e.g. public service clerical work[52] and retail management),[53] it appears that employers are currently choosing to employ the female school leaver with more education, rather than the male with less. If the number of females seeking jobs in an area is greater than the

51. A. Giddens, *The Class Structure of the Advanced Societies*, London, Hutchinson, 1973, p. 101.
52. C. O'Donnell, *The Basis of the Bargain: A Study of the Sexual Division of Labour in Four Areas of Work in NSW, 1951–81*, Ph.D. Thesis, Macquarie University, 1982, chapter 7.
53. ibid., chapter 8.

number of males, the preference for the highest educated worker, whatever the sex, can lead to feminisation of a formerly male-dominated area. In a world where wage rates are fixed by awards, the configurations of female employment and unemployment are usually much more complex than the old 'women as cheap labour' formulation will allow. Understanding the sexual division of labour in paid work and the nature and function of the reserve army both depend crucially on understanding the relationship of education to workforce allocation and to the bargaining strength of groups of employed workers and employers in slack and tight labour markets.

One of the simplest and most useful articles explaining the sexual division of labour in the paid workforce was by Curthoys.[54] She argued that the basis of the unequal sexual division of labour in paid work is the sexual division of labour in unpaid childcaring which, in turn, is reinforced by the unequal sexual division of labour in paid work. The continued allocation of women to unpaid childcaring and other domestic work is determined by both ideological and material considerations. Given that woman's childbearing role has in the past strongly affected her ability to undertake consistent work in the marketplace, it is not surprising that the class struggle over men's skills, wage levels, job security, and the like has historically been sharper than over women's job security, status and pay. It is not surprising that, in enhancing their bargaining position with capital, male trade unionists have often deepened labour market segmentation at the expense of women workers. This in turn reinforces the existence of a sexual division of labour in the home because, in most cases, the man can earn more, and it would be absurd for families to forgo his wage in order that he undertake unpaid childcare. 'There is in this way then a material basis for the perpetuation of the sexual division of labour in the family and of the ideology of motherhood.'[55] This is, of course, just a starting point for what must be a historical examination of particular industries and particular groups of male and female workers as they struggle, with varying degrees of power, to advance their interests. Such work has been begun by writers such as West.[56]

Feminist writers are highly conscious of the basic relationships of power of sex and class, and this awareness is very valuable. However, there has been, until very recently, a tendency to treat capital, labour, men, and women as monolithic categories. The advance of feminist theory has, in my opinion, largely been related to the slow breaking down of these supposedly homogeneous groups. Capital has divided interests and differing degrees of power, so does labour, and so do female groups of labourers. We must examine these differences and how the groups of bargainers in the labour market act to try to change its structure.

54. A, Curthoys, 'Explaining the Sexual Division of Labour Under Capitalism', *Refractory Girl*, December, 1979.
55. ibid.
56. J. West (ed.), *Work, Women and the Labour Market*, Routledge & Kegan Paul, London, 1982.

**Conclusion**

Power is the central concept that neo-classical economists tend to undervalue, whereas labour market segmentation writers tend to see capital as omnipotent. An adequate theory of the role of women within the labour market would take into account the differing degrees of power possessed by capital in differing industry sectors. It would also take into account the power of women workers compared with male workers, and the power of certain groups of women, *vis-à-vis* other groups of women. Power differentials and bargaining strengths need to be the central element in any analysis of capital on the one hand, and of divisions within labour on the other. Neo-classical theorists are well aware that different kinds of women make different kinds of labour market 'choices'. This is one step ahead of the dual labour market analysis, which suggests that women are all secondary workers. Although the undoubted strengths of some versions of dual labour market theory lie in their focus on the labour market effects of the problem of continuing capital accumulation, more attention should be turned to the differences in bargaining power between groups of workers and the way that these differences influence their labour market situation. This should be undertaken through empirical studies of state and service sector employment as well as manufacturing employment.

**Source:** C. O'Donnell, 'Major theories of the labour market and women's place within it', *The Journal of Industrial Relations*, vol. 26, no. 2, 1984, pp. 147–65.

# 3

# The incompatibilities of the welfare state

G. Esping-Andersen

There is no shortage of declarations that the welfare state is in crisis. Oddly enough, we are rarely informed what the welfare state really is. Public welfare and social insurance programs are what we usually associate with the welfare state, but these have existed for decades and even centuries with no apparent pathological consequences. To begin, we should avoid a definition of the welfare state that bases itself on large social expenditures. The United States spends about fourteen percent of GDP on social security programs. This is not only one of the lowest expenditures among industrialized countries, but is actually lower than Belgium, France and Germany in *1950*. In that year the Germans were still digging their way through mountains of urban rubble. Moreover, their twenty percent social expenditure rate certainly did not prevent them from producing their illustrious economic miracle. In fact, the countries which we usually view as the epitomy of welfare states, Britain and Scandinavia, are not particularly generous spenders. The welfare state is accordingly something entirely different.

The best way to understand what the welfare state is, and why it now inspires so much controversy, is to juxtapose it to earlier forms of social welfare. Nineteenth Century public welfare was dominated by poor relief arrangements, which were beautifully suited to the maximization of work incentive and private savings. Recipients were disenfranchised, dispossessed and often forced into workhouses. A 10-hour workday in the "satanic mills" was preferable. Social insurance arrived with the twentieth Century to replace the poor relief systems, which were incapable of handling the massive social problems and economic insecurities that befell workers who stood with their labour power, naked in a brutal market place. Social insurance was a stroke of bourgeois ingenuity since it stimulates all the virtues that capitalism cherishes. The individual enters into a contract in which she saves – through contributions – for the rainy days ahead. No-one gets something for nothing, no-one can make claims beyond one's own contribution, and future welfare bears a direct relation to previous work performance. If the idea of a welfare state must have any meaning at all, it is that its principles and practice fundamentally break with both poor relief and social insurance. The welfare state may be viewed as the establishment of full social citizenship, according to which the individual is vested with inviolable entitlements to a decent level of living, which is entirely separated from work performance, the cash nexus or, for that matter, the protestant ethic of self-reliance, frugality and hard work. In

contradistinction to poor relief and social insurance, the welfare state is ideally founded on three principles: *social solidarity*, which means that all citizens are granted equal rights and status irrespective of their economic position; *equality and distributed justice*, which means that public policy promises to correct the distributive effects of the market; and, finally, *a high level of economic security* which means that the individual is entitled to a normal standard of living, no matter under what circumstances. These are lofty principles which obviously have not found their complete expression even in the most advanced welfare state. Their institutionalization is furthest developed in the Scandinavian social democracies, and least in such countries as Japan, Australia and the United States.

Most of the (more intelligent) conservative analyses of the welfare state's crisis are, in fact, less preoccupied with the volume of spending than they are with the institutionalization of social citizenship rights. They identify two major problems caused by the rise in welfare state entitlements. One problem has to do with the erosion of traditional bases of authority and self-reliance. Welfare is no longer circumscribed by the size of one's pocket book, or by the solidarity of one's family, but only by the capacity of citizens to bully politicians to deliver more rights and increasingly lavish benefits. Traditional social restraint is eroded and the government becomes overloaded with demands and responsibilities. The moral and economic self-discipline ostensibly required for a viable democracy is jeopardized. The other major problem is, above all, raised by the economics profession which for decades has warned that the spread of entitlements, generous social benefits and a guaranteed income will weaken – if not destroy – the efficient operation of our economic engine. Social security diminishes savings and inhibits work incentives and, as a result, the welfare state will begin to eat the same hand that feeds it.

It is unfortunate that those who wish to defend the welfare state against such critiques spend their energies persuading the public that the welfare state does not erode incentives, savings, authority or efficiency. The new laissez-faire ideologues may certainly exaggerate its disastrous consequences, but those who support the welfare state should also honestly admit that its institutionalization must imply that the individual's dependence on market forces will be substantially relaxed. Consequently, the welfare state would not really be worth defending if it did not actually remove citizens from the compulsion to work and a reliance on the altruism of family and charity.

What the Right has recognized much better than the Left, is that the principles of the welfare state are directly incompatible with the capitalistic market system. The more advanced the welfare state, the more clearly we see its inherent weaknesses. We may therefore profit from a closer examination of the problems of welfare state policy in the social democratic countries, in

particular Scandinavia, Holland and – until Thatcher – even Britain. Until the current crisis, social democracy has believed that it could reconcile the principles of solidarity, equality and security under a comprehensive public welfare apparatus. I will demonstrate that this cannot be done by examining how the three principles are applied in practice. On balance, the evidence agrees with the symptoms of crisis analyzed by contemporary conservatives. I therefore suggest that the Left abandon its futile defence of the status quo, recognize the symptoms of crisis that do exist, and redirect its energies and intellect to the more promising question of how to resolve the incompatibilities between social citizenship and economic efficiency.

## 1. The Principle of Solidarity in Welfare Policy

Socialists and free-market liberals have fundamentally different ideas of what engenders social solidarity. To the laissez-faire advocate, the good society should exist when each individual is given optimal opportunity to maximize her own utility and self-reliance. The presence of a "free lunch" is a spanner in the works of a free society, because someone's benefit becomes an imposed burden on someone else. Whereas socialists view solidarity in terms of a collectively shared responsibility for the misfortunes of the single individual, laissez-faire ideology insists that the optimal human community must spring from an absolute minimum of imposed burdens and responsibilities. It is therefore not surprising that liberalism prefers the idea of voluntary social insurance on a straight individual contractual basis. Individual insurance systems will tend to mirror prevailing inequalities in the market, and they ensure that market participation in itself becomes the alpha and omega of welfare. When socialists first began to formulate their social policy ideal, their primary aim was to transform the class inequalities of either poor relief or social insurance into 'classless' and status equalizing policies. This was to be effectuated via the principle of universalism; according to which all citizens are to be granted identical rights and treatment. Universalism is therefore both an attack on the stigmatizing nature of poor relief, and on the self-reliance mechanism of social insurance.

Universalistic social policy will naturally depend on the mobilization of broad political support. But even more important, it also has political effects that should not be ignored. When the welfare state's clientele includes the entire population rather than targeted problem groups, the likelihood of a middle class backlash is significantly reduced. A universalistic social policy manufactures its own universal political constituency, which is of obvious importance for the maintenance of a basic sense of shared social solidarity and responsibility.

Universalism, both in the provision of public services, and in income transfers, is particularly well developed in Scandinavia. The basic flat-rate, tax-financed pensions seek to remove inequalities on both the expenditure and finance sides, since all residents are eligible irrespective of financial contribution. Likewise, all residents are ensured equal access to benefits and services of similar (high) quality when ill, old, disabled, or in pursuit of education. A foremost goal in the development of Scandinavian health care, for example, has been to eliminate any incentives for privileged groups to establish private hospitals. This has, of course, necessitated exceptionally high standards of hospital care for all. In fact, private hospitals are essentially non-existent, and public hospitals function as islands of relative 'classlessness' in contrast to the rest of society.

It is important to stress the absolute necessity of top quality services. If, as in the United States, standards were not up to the expectations of the wealthy, we would quickly witness the rise of a dual welfare system in which confinement to publicly provided services is circumscribed by stigma and symptoms of social degradation. As is clearly evident in contemporary America, middle class support for public services erodes rapidly when the clientele is poor people. Financial solidarity evaporates and, as the middle class escapes from financial responsibility, the quality of services will erode even more, and the vicious circle of stigmatization tightens.

The Scandinavian countries have perhaps achieved a remarkable degree of universalism in their welfare programs, but this achievement is being powerfully undercut by a number of counterforces:

i) First there is a counter pressure coming from the market itself. The labour market operates on principles that are directly contrary to social solidarity in the social democratic sense. It creates inequalities, social differentiation and social divisions. In itself the labour market will tend to stigmatize, since those on the bottom will easily be defined as losers in the economic game. As long as there exists a sizeable low-wage sector, there also will exist a sizeable population which is objectively more compelled to seek public aid. A comprehensive and generous welfare state can maybe compensate for the stigma, dependency and inequality of the labour market, but it cannot alter the basic fact that some groups are already pre-selected to become more dependent on public largesse. To be relatively more dependent will solidify the tendency to feel like a social loser.

ii) The ideal of universalism is also undercut by the selective patterns of public consumption. We know from several studies that the use of public goods is patterned by social class membership. A comprehensive

study conducted by the Dutch government illustrates how ghettoized the welfare state becomes. Middle class people have basically taken over higher education, day-care facilities, medical specialists and, in the field of cultural activities, subsidized operas, ballets and concerts. In contrast, low income groups are heavily over-represented in old-age homes, mental hospitals and in the use of general practitioners. Beneath the surface of universalism new social divisions easily arise.

iii) The third, and toughest, obstacle to the achievement of universalism comes from the natural desire, and inevitable capacity, of the better-off to maintain their privileged position. The universal flat-rate pension was in both Britain and Scandinavia intended as an instrument of equal treatment in old age. However, as experienced in these countries, an equal flat-rate pension cannot satisfy the expectations of higher income groups since, by necessity, the benefits will be low relative to their normal earnings standards. A flat-rate system motivates those who can afford to do so to purchase additional retirement pension insurance. The net result is that we are back at square one, since those who remain solely dependent on the public pension also remain disadvantaged and losers in the game.

To counteract this problem, countries like Norway, Sweden and Britain have introduced an income-related superannuated pension supplement. However, in this case pensions begin to mirror existing income inequalities and, hence, the ideal of solidarity comes into conflict with the goal of equality – to which we now shall turn.

## 2. The Problem of Equality in Social Policy

As social democratic governments began to push for greater income redistribution in the welfare state, they also discovered how difficult – if not impossible – it is to reconcile equality with solidarity. This incompatibility arises because an effectively solidaristic policy demands that public services and transfers be generous, of high quality and simultaneously universally applicable. They must raise the living conditions of the underprivileged, and they cannot fall below the norms of upper-income groups. With such strict criteria, there is no way to avoid enormous levels of public expenditure which, in turn, necessitate heavy tax-burdens. It does not take much mathematical training to know that growing expenditures create less progressive taxation. As a rule, the more one attempts to create solidarity through public expenditure, the more one is forced to sacrifice income equalization via progressive taxation.[1]

This does not mean that equalization is impossible. Large income maintenance programs will almost inevitably equalize since the disposal income of lower income groups will improve relatively. But the room for equalization is extremely narrow, as we can see by comparing income distributions before-and-after taxes and transfers. Internationally, Norway and Sweden seem to be the two most equalizing countries (incomes are 12-14 percent more equally distributed after taxes and benefits) while most countries show rather modest results (around 4-5 percent more equal). In a few countries, like France and Australia, the effect is zero.

To the extent that income equalization has been pursued via tax- and spending policies, the net results have been disappointing. This is evident when we compare the redistributive effect of the public sector over time. Despite a double- or three-fold growth of public taxing and spending, its ability to achieve more equality of incomes is not much greater today than it was thirty years ago.

Stagflation in contemporary capitalism has worsened the problem of reconciling solidarity with income equalization. Stagnation and higher unemployment have compelled governments to spend more, despite the contracting economic base. This situation has led to a new zero-sum situation, in which some commitments to either solidarity or equality must be sacrificed. Such trade-offs are currently made in countries like Denmark and Holland, where recent legislation has introduced income-tested fee-for-services systems and a heavier reliance on means-testing in the allocation of benefits. In Denmark, for example, invalid pensions are now subject to an income test and there are plans to do the same for old age pensions. Undoubtedly, the sharpened accent on means-testing will weaken the principle of universalistic solidarity, although it might have positive distributional effects.

In summary, experience shows that the pursuit of solidarity and equality through conventional welfare state policies is heavily constrained. It is therefore not surprising that social democrats are rethinking their traditional welfare state strategy and are looking for ways to allocate a greater share of the responsibility for equalization and solidarity to the labour market. But before we turn to this question, it is necessary to understand the dilemma which arises with the third ideal of social democratic welfare policy, namely the ideal of economic security.

### 3. The Problem of Economic Security

The tension that characterizes the relation between equality and solidarity is accentuated by a deeper dilemma. We all know that welfare state expansion in the last instance is contingent upon the productive performance of the

working population. The limits of public commitments are set by the maximum utilization of productive capacity in our labour force.

Labour movements have, since they were first formed, systematically struggled to shelter – if not actually remove -- workers from the vicissitudes and uncertainties of the market. Both labour unions and socialist parties have sought to strengthen workers by reducing their dependence on individual employers and general demand. It is precisely on the basis of this independence that unions gain their strength in bargaining. The commitment to economic security has therefore been a continuous attempt to guarantee the individual a living standard which is relatively independent of her participation in the labour market. There are two ways in which this struggle for social and economic security has weakened market forces:

i) First, by introducing effective income maintenance schemes and a long list of social rights which more or less guarantee a normal income, the individual becomes relatively immune to the disciplinary whip of the market. The right to high levels of income replacement when ill or unemployed means that one's standard of living remains intact. By eliminating waiting days and qualifying conditions for receiving benefits, the wage earner's position can be strengthened to the point where she can afford to refuse unacceptable jobs. Employers may be correct when they complain of 'abuse', but that is irrelevant in this connection. The point is that social security actually has strengthened the worker's position to such an extent that the compulsion to accept whatever job is offered, in order to survive, has disappeared. It may be that this has helped emancipate the worker substantially, but one must simultaneously recognize that it can lead to problems of work incentive and reduced 'economic efficiency'.

ii) Secondly, as John Myles has shown, the welfare state systematically *removes* labour power from the market. It was rarely the case that old people ceased to work prior to World War II. Postwar pension policy was certainly intended to release old and worn out workers from the compulsion to work, and it was certainly also a way of removing the least efficient labour force. But pension policy has also been used to clear older workers in order to make room for the younger workers, especially in connection with full employment objectives. In Denmark, for example, the Social Democrats succeeded in lowering the pension age to 60 during the 1930's. Similar intentions are evident in contemporary Holland, Italy and Scandinavia, where early retirement schemes and liberalized access to disability pension are introduced to clear the labour market. It should be added that such schemes rarely

create a glut of jobs for the young, since employers often use the occasion to rationalize production.

The overall impact is probably a weakening of the market, and economists are undoubtedly correct in pointing to the 'negative incentive' effects of social security. In turn, if it is the case that a high level of security fosters a reduction in the productive performance of the working population, we immediately confront the dilemma that the economic basis for the welfare state is jeopardized. This means that greater income security guaranteed to the actively employed population contradicts the goals of solidarity and equality via welfare policy; in short, that the welfare state eats the very hand that feeds it.

It would seem that the new Right is correct in its argument that the welfare state is incompatible with economic efficiency. It probably is, for if it were not, the achievements of the welfare state would have been quite worthless. The explicit goal behind the welfare state was, after all, to institute a system of solidarity, equality and economic security to replace the competition, inequality and insecurity of the market. Hence, the question of symptoms is less interesting than the question of how to resolve the dilemma.

If it is true that the basic problem is a direct contradiction between welfare on the one hand, and efficiency on the other, there are only two solutions. The choice depends on a normative decision, and little else: that is, whether one prefers a society where the individual is strengthened at the expense of the market, or vice-versa. If we prefer the latter situation, we may safely vote for Margaret Thatcher or Ronald Reagan. But if we prefer the former type of society we must be equally ready to face the consequences. Because, if we are to continue with a welfare system as it is presently constructed, we cannot afford to allow workers to actually make use of their rights to the fullest degree. For if workers prefer to remain on the dole rather than take a chance with a new, and possibly less attractive, job, then we are stuck in the zero-sum situation that social expenditures grow while the productive foundation for the welfare state shrinks.

The main contradiction of the welfare state is therefore the classical tension between the market and social policy. Both the Left and the Right recognize this contradiction today, and it is no surprise that both advocate the re-integration of the welfare state and the market.

### 4. Two Strategies of Reintegration

The political choice today is either to re-subordinate the ideals of the welfare state to the market logic, or to subordinate the market to the principles of welfare.

The new Right stands for the first alternative. Since economic decay is partially caused by social rights and income guarantees, it follows that greater incentives to work will flow from a rollback of the welfare state. It is characteristic that the Reagan Administration intends to shorten the duration of unemployment benefits (from 26 to 13 weeks) and to lower social benefits to a level at which the individual is once again moved to accept the wage that should 'correspond to his marginal productivity'. In more general terms, the intention is to shift social responsibilities away from the public sector and back to the family, the market and occasional private charity.

The model is theoretically elegant, but not particularly plausible. It assumes that the contemporary family is equipped to shoulder heavy social burdens, while its members simultaneously enter the labour market. It also assumes that a cheaper and more eager work force will induce employers to make new investments, create new jobs and hence generate an expansion of incomes and national wealth. Finally, but not least of all, it assumes that organized labour can be forced to accept such concessions without compensation.

An alternative strategy may be discerned in the political rethinking among social democrats that has evolved over the past decade or so. Its contours are probably sharper in Scandinavia where a series of concrete proposals and actual policies attempt to shift the responsibilities for welfare from the state back into the market-place. The embryonic model aims to extend the principles of social citizenship, until now confined to the welfare state, to production, work and the labour market as well.

With respect to the goal of greater income equality, the Scandinavian labour movements – the Swedish especially – have moved their political efforts from tax- and expenditure policies towards the process of primary wage determination within the labour market. The so-called solidaristic wage policy has, in fact, been quite successful in reducing income differentials both between industries, between men and women, and between blue- and white-collar workers.[2] Although the plan for economic democracy through wage earner funds is now presented as an investment plan, its original intent was to reduce the concentration of wealth. If it is possible to create greater equality among primary incomes, there will obviously also be less pressure to redistribute via taxes and expenditures. Yet, the feasibility of a solidaristic incomes policy is narrowly circumscribed by the nature of union organization and by the structure of the labour market. Wage equalization has proved to be extremely difficult where the union federations are strongly craft-dominated – as in Britain, the United States and Denmark, or when levels of unemployment are high – such as in Denmark during the 1970's.

Similarly, we can identify attempts to transfer the struggle for solidarity from the state to the labour market. To a very large extent, the problems of

stigmatization, dependency and poverty are concentrated in the marginal sections of the labour market, such as in low-wage industries/services and in those areas which offer the poorest jobs. We can, in fact, view this segment of the labour market as the corner-stone of the entire dilemma. It is first of all here that the worst and most expensive social problems tend to cluster. Secondly, this sector offers its work force less job- and income-security. Thirdly, it is here that the problem of poverty, inequality and stigma is greatest. Since one also frequently finds below-average productivity jobs in this area of the labour market, it is possible to kill many flies at once with an active labour market- and industrial- policy that aims to remove such jobs in favour of dynamic firms which are capable of supplying better jobs at better pay.

Responding to the threat of massive lay-offs, governments have frequently moved in the opposite direction and have subsidized, or otherwise kept such problem firms alive. This is perhaps understandable from a short-run point of view, where bad jobs may be preferable to no jobs and burdensome expenditures on unemployment pay. But from a long-range perspective, the policy of sheltering lame-duck industries only worsens the existing problem. It brakes the development of an economy's productive capacity, and it forces workers to stay in jobs which may easily demand less than they are capable of. With respect to both economic efficiency and social justice, it is an objectionable policy to force workers to take idiot-jobs, when they are actually or potentially capable of more. The combination of an active industrial policy with a heavy investment in worker retraining and education - such as is developing in the Scandinavian countries -- offers an alternative to the costly subsidization of lame-ducks pursued by British Labour, and the supply-side approach advocated by the new American Right. It is, on the other hand, becoming clear to Scandinavian Social Democrats that an active labour market policy, coupled to some form of industrial policy, is extremely difficult to balance as long as one has little control over investment policy. Its feasibility is probably contingent upon a co-ordinated steering of both long- and short-run investment strategies.

Ultimately, the future of the welfare state requires a resolution to the dilemma between incentives to work and the principle of social and economic security. The neo-classical argument is premised on the assumption that workers will choose leisure if they are afforded the opportunity. Thus, a reduction of social security is necessary to reinstate the work ethic, or work incentive. The industrial democracy policies, particularly developed in Norway and Sweden, are premised on a different assumption, namely that the incentive to work can be nurtured with a democratization and improvement of working life. The new emphasis on worker participation schemes, shopfloor control over production processes and techniques, and economic democracy

through collective wage earner funds as well, may therefore be viewed as a new element in social welfare policy. There is some, but alas not enough systematic evidence to suggest that such reforms do have a positive incentive pay-off – at least in the sense that workers do become more engaged in their workplace.

## 5. Conclusion

In taking the most advanced welfare states as my point of departure, I automatically limit my capacity to generalize. It should be clear that the problems of reconciling the principles of solidarity, equality and security take on a special character in countries where social democratic movements have influenced postwar legislation so heavily and have, to a remarkable extent, managed to realize these goals through social policy. But precisely because these countries play a vanguard role, they also illustrate more clearly than others how conventional welfare state policy constrains the attainment of its own principles.

Contemporary debates tend to be preoccupied with the symptoms of crisis: the Right insisting that the welfare state crushes the market, and the Left desperately denying any such effects. This is a dead-end debate, since the real question is how to resolve the basic contradiction which *does* exist between the ideals of social welfare and the criteria for optimal economic efficiency. It should be obvious to both defenders and attackers of the welfare state, that it cannot continue in its present format and accomplish the tasks assigned it, and that a reintegration of social policy and the market is necessary. There are essentially two models of reintegration: both can be argued and defended on empirical and theoretical grounds, but the issue nevertheless boils down to a normative political choice.

But a normative choice can only be made with some knowledge of its practicality and consequences. Reconciling social welfare and economic efficiency in the final analysis requires democratic control of capital and investment. The creation of productive jobs is premised on this, and is based on the clear evidence that private control of capital cannot in itself guarantee either optimal growth or optimal welfare. Northern European countries, with their strong, ideologically focussed labour movements and long social democratic traditions, have been able to generate clear alternatives to the attempt of the Right to restore the sovereignty of the market. Social democrats need to confront the tensions between welfare and economic efficiency if they are to mount a credible challenge to monetarism, rather than become its new practitioners.

*This is a slightly different version of a paper which appeared in *Working Papers Magazine*, May/June, 1982.

NOTES

1. This can be explained as follows: as more tax revenue is required to finance the welfare state, and as there are finite limits to how much the rich can be taxed (it is unrealistic to impose more than an eighty to eighty-five percent marginal tax), a government must look increasingly to lower and middle income groups in order to broaden its tax base. The universalistic, solidaristic goals of the welfare state thus come into conflict with the attainment of greater income equality through taxation.

2. John Myles, 'The Trillion Dollar Misunderstanding' in *Working Papers Magazine*, July-August, 1981.

3. The trade union movements in several countries have attempted to narrow earnings differentials among workers in various industrial branches or between workers with different skills. In most cases, the pursuit of such a solidaristic wages policy is stranded, in part because many of the advanced and stronger occupational groups resist, in part because wage drift easily restores conventional differentials. Sweden constitutes the most successful example of a solidaristic wages policy and earnings differentials have narrowed dramatically in the past fifteen to twenty years. There, the manual worker union federation, LO, actually managed to win white-collar unions over to the policy. Solidaristic wages policy has also been used in Sweden as a general industrial policy in the sense that equal, across-the-board wage pressure forces weaker firms to either compensate with higher productivity investment, or fold.

**Source:** G. Esping-Andersen, 'The incompatibilities of the welfare state', *Thesis Eleven*, no. 7, 1983, pp. 42–53.

# 4

# The participation and equity program: One year on

D. Pettit*

In July 1983 the Commonwealth Minister for Education and Youth Affairs, Senator Susan Ryan, issued Guidelines[1] for 1984 to the Schools Commission and the Tertiary Education Commission. A major plank of the Government's educational policy is to increase participation in education and/or training and to pursue greater equity for all young people in the benefits to be achieved through education. The Participation and Equity Program was established to highlight and promote that policy. A program with such ambitious and far-reaching objectives must lead to changes. As such it is a challenge to the status quo which will inevitably result in tensions, particularly in the formative stages. PEP has done just that.

The tensions are both general and particular. PEP has stimulated widespread debate about the purposes of education both in schools and in tertiary institutions. For some it is an appropriate, timely program: for others it is seen as yet another assault by barbarians upon the citadels of learning. Debate has focused on PEP's conceptualisation, its implementation, its priorities and the nature and composition of the decision-making bodies. Tensions at the interface of the secondary and tertiary sectors, many of which have been apparent for some time, have been heightened by the expectations of greater participation and equity. Finally there has been disputation about the appropriation of the Guidelines issued by the Schools Commission and the TAFE Council.

The tensions in schools, in the tertiary arena, between the secondary and tertiary arenas and about the guidelines are the subject of this article. They became apparent during consultations between the Commonwealth PEP Co-ordinating Committee and States and Territories in the periods preceding and following the 1984 National Conference of the Program held in Canberra in early September. Reference is made to conference papers and statements and to other relevant documentary sources.

In drawing attention to the tensions that appear inevitable in the early stages of a major program, there is implicit an assumption that manageable conflict is the wellspring of productive change. Tensions indicate change areas and change issues. As such they have to be placed in the context of the unanimously endorsed final statement of the conference that congratulated the Government on its PEP initiative.

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**The Nature of the Program: Coercion vs Exhortation**

PEP is a federal intervention program. Its strategy is to use funds to stimulate changes in Australian education for which the federal Government holds assumed, rather than constitutional, responsibility. The Minister has indicated that the Commonwealth should use its funds for 'innovative change and equality improvements'[2] in schools rather than as a base provider. The Prime Minister's emphasis has been upon 'the quality and outcomes of education'.[3] But, in all sorts of ways, the distance between Canberra and the classroom is substantial. Bringing about change in educational institutions is not straightforward.

Both Commonwealth Education Commissions - Schools and Tertiary - interpret the Minister's policy directions through guidelines. Those guidelines are reinterpreted at the State level and again by schools and TAFE colleges, perhaps after regional intervention. The Commonwealth policy is to attempt to maintain steerage and co-ordination by establishing State committees of a broadly representative nature that include Commonwealth organisations - the Department of Education and Youth Affairs, the Schools Commission and the Department of Employment and Industrial Relations. Both TAFE and schools are represented. These committees flesh out the Commonwealth guidelines in the State context but their decisions remain subject to Commonwealth approval. The professional officers of PEP in both TAFE and schools - government and non-government - also have a role in fleshing out the broad State policies. Their conceptualisation, like that of the Committees, draws in most cases on previous experience, largely in Transition Education and other special purpose programs and, where appropriate, on recent State reviews of education.

The States' interpretations of PEP already vary considerably; ranging from a program implementation to an action research orientation. For example, in one State the traditional, submission-based approach to funding school and college proposals in accordance with centrally defined and legitimated issues has been maintained. In another funds are distributed to schools on an entitlement basis for staff development providing proposals meet the approval of local peer groups operating within State guidelines. As has been shown in other reports,[4] there are already indications that the degree of compliance with guidelines is determined largely by the school or college's prior disposition to the concepts, although some modification and at least superficial compliance may occur in order to gain access to resources. Thus, the tensions between a centrally imposed model of educational change, which is difficult and expensive to police in a federal system, and the need for individual and group commitment at the institutional level for effective change is already present in PEP.

**The National Context of the Program**

The Commonwealth Government is primarily concerned with economic management, economic growth and the state of the labour market. The economy is tied to education and to PEP through the presumed relationship between education and productivity, the declining opportunities for the 15-19 year old age group in full-time employment, the changing patterns of the labour market and the prospect of further labour market change as

a result of national and international technological change.[5] The Prime Minister[6] has emphasised the need for 'a co-ordinated education and training system which will meet the employment opportunities and challenge associated with economic growth and technical change'.

The strong and close links that the Government draws between the economy, the labour market and education clearly imply a purpose for education and a role in national policy that have caused tension in both the tertiary and secondary sectors of the education industry. In TAFE with its close relationships with the Industrial Training Commission, the Commonwealth Employment Service and the Department of Employment and Industrial Relations and, to a lesser extent, for Advanced Education, the nexus is more natural. For those schools and universities closely linked by what the Prime Minister has called 'traditional, pre-university subjects',[7] the blunt intrusion of economic and employment criteria into what is claimed to be a liberal education tradition can be anathema: for others too.

The relationship between education and the economy is emphasised in both the 1983 Guidelines and the 1984 Funding Guidelines to the Commonwealth Tertiary Education Commission (CTEC) for the triennium 1985-87.[8] In the former the Minister emphasised the need to 'address the inter-related aims of economic recovery and the wellbeing of all young people' within the Government's educational policy that includes, inter alia, helping to shape economic recovery and development. In the latter, higher education is called upon to improve the output of 'skills related to employment opportunities including those needed to underpin technological progress'. Special reference is made to the disciplines of science, technology and management and to the tertiary sector's role in 'economic development, technological innovation and industry restructuring'. The OECD draft Report[9] on Youth Policies has also commented on the issue, criticising the poor connection between vocational training policies and the labour market as well as the destructive effect on some young people of the low school retention rates.

The Government's position is that schools and TAFE will improve participation if there is greater relevance of curriculum and improved structures. Earlier the Minister had stated that 'traditional curricula need to become more immediately relevant and more immediately applicable to what the students and their parents see as being their requirements for useful and fulfilling lives beyond school, be they in tertiary education or employment'.[10] Part of the relevance would be understanding the economic and employment system.

The close relationship that the Government is promoting between the economy, the labour market and education is emphasised strongly here because it is within those parameters that education policy and PEP is located and within them that policy decisions about future expansion or contractions of federal support for education will be made. The relationship being promoted is for some an acute point of tension about what priorities in education should be.

## PART TWO: TENSIONS AT THE CHALKFACE

### Introduction

Education needs to assume broader purposes if those staying on, those to be enticed to schools and tertiary education and those for whom increased provision will be made at tertiary level are to be fully included and have experiences they value. That view is not unique to the Commonwealth. Victoria, according to the Blackburn Report,[11] 'is at a turning point in providing for those who have reached the end of compulsory schooling'. The Steinle Report[12] states that 'there is a crisis in purpose in high schools throughout Australia'. In Western Australia the Beazley Committee has recommended significant changes in schooling and in its relationship with TAFE.[13] The Advanced Education Council's response to the CTEC Guidelines 1985-87 indicated the need for broader, different and additional purposes for higher education.[14]

Once they are beyond compulsory years students can be enticed to stay at school and go on or return to tertiary education by the relevance and value they perceive exists in courses. An alternative is to drive them to do so by policies that involve putting educational riders on the provision of income support, much in the way that the Transition Allowance does. The contention inherent in the former, desirable policy is that it involves a challenge to the pre-eminence of what has been described as the competitive, academic curriculum. From that much follows.

### Schools

Greater participation, particularly if it is to be by those from Aboriginal and low income backgrounds who have not traditionally stayed at school, clearly implies change to the curriculum, assessment procedures and organisation of pre- as well as post-compulsory schooling. That change involves tension because for most schools it implies a challenge to the stable, taken-for-granted assumptions under which many schools operate and which are often vociferously supported by articulate parents of successful students. Issues of equity that arise are not the prerogative of one of the community sub-sets of the school, but of all.

The view of the Minister is that equity is more productively engaged by seeking equality of opportunity at the end rather than at the beginning of schooling.[15] An emphasis is placed upon the need for all students to experience quality schooling[16] and for excellence and quality to be pursued together. In fact much of the equity component of the debate is being pursued under the banner of quality for all. PEP is interpreted by Hannan[17] as a school improvement program in which curriculum is developed or adapted where this is considered desirable by students and teachers alike, has demonstrated relevance, reduces failure and has a range of teaching approaches suitable to individual differences. Interpretations of these idealised positions vary. Some schools at the Conference described their experiences of negotiated curriculum and of consultations that involved students, teachers and some parents about particular courses. Others simply discard courses that students reject. Other schools' interpretations are more content-centred emphasising the development of essential learning areas which generally

incorporate five or six major areas of the curriculum that includes compulsory and voluntary units. In general terms, this approximates to a view of a common curriculum [18] which all students should experience, (although as Hannan pointed out the concept of a common curriculum is based more on principles than content) and emphasises the need for knowledge to be widely perceived as valued, to be translatable into practice and to incorporate skills necessary for cultural formation.

The concepts of equity, of equality of outcomes and of common curriculum have been strongly challenged by those for whom they imply uniformity and levelling down. The conference position [20] was that equality of outcomes is not the same as identical outcomes; it does not mean retarding students but rather developing students' talents to their fullest potential in a wide range of life experiences. There is clearly room for further elaboration and clarification as Tickell[21] observed in his review of individual differences as an approach to equity.

The issue of relevant curriculum raised by both the Prime Minister and the Minister was debated in terms of general (traditional) and vocational education and also in terms of degree of specificity of the vocational element in education. Strong opinions were expressed that job specific skill training is not desirable: generic occupational skill training is. Hannan[22] drew attention to the difficulty of equating practical experiences with vocational courses 'where the vocations are fading into the distance'. Blackburn[23] echoed the Minister's exhortation to take seriously the vocational motivation that many young people had by espousing new forms of general education which would include education for a working life. She advocated liberalising 'vocational' education and applying 'general' education to real-life pursuits and in this way gradually abolishing the general-vocational, mental-manual dichotomy. The role of general education is to connect intellectual effort and theory to the major issues of the contemporary world and the major issues in society including education for work. This debate is very similar to the English debate about comprehensive schools of twenty years ago but is set in a crucially different context.

While advocates of whole-school change were numerous at the conference and its desirability was acknowledged, the strategy of incremental change appeared to be most commonly followed by schools. In this context, Hannan's scenario of the range of possibilities for school change that might occur as the result of developing courses alternative to the mainstream was cautionary. Practitioners from schools and TAFE described the development of new alternative courses, and their relationship to the mainstream and the stages by which they come to constitute the mainstream and hence ar crucial in promoting inclusiveness for those who have not traditionally used school and TAFE. However, the view was also expressed that alternatives can easily remain marginal to the more powerful general academic courses with which most teachers feel comfortable and for which their own education prepares them.

In summary at this stage of the Program, with schools in initial funding negotiations, there are few signs of new priorities and directions emerging from the schools. Most issues have been raised by those responsible for the Program at State or national level who are promoting general directions. Those in schools are largely guided by past

experience of special purpose programs. Other issues have developed from more theoretical, philosophical positions, some of which are linked to the chalkface by extended observation. Curriculum change is central to the PEP debate. There is confusion over how equity might be interpreted and there is hostility to perceptions of implied uniformity. Major issues on the emerging agenda appear to be: negotiated curriculum for student acceptance; the ideas of a common curriculum and of essential learning areas, and the mental-manual dichotomy debate raised in a general-vocational context; clustering; within school restructuring for smaller units and assessment and school-based decision-making. All these provide an agenda of concern for schools and State committees.

**TAFE**

In TAFE the issues are often similar to those in schools but display differences in orientation and interpretation. A major aim of PEP in TAFE is to broaden the PEP curriculum from the original Transition Education orientation; that is, from narrow vocational preparation in low skill areas. While the need to maintain a vocational emphasis is accepted so too is the need to incorporate more general life skills, to emphasise personal competence and to increase self-concept. Linking PEP courses to mainstream opportunities in TAFE that create opportunities to be taken up immediately or later has become a major concern.[24]

TAFE PEP courses are to be focused on the most disadvantaged groups, more particularly Aborigines, women and girls, some migrant groups and socially and geographically isolated young people. Some in these groups are long-term unemployed, early school leavers and lack post-school education and training. Hudson[25] pointed out the high costs of providing the special support required to keep such young people in courses, a view strongly supported by TAFE practitioners. The practitioners also noted the marginal, low status nature of many PEP programs in TAFE colleges, their relative smallness and the difficulty of changing teachers' and administrators' attitudes towards those with special needs for ongoing support.

The PEP issues in TAFE are substantially different from those of the TAFE mainstream. Bradley[26] noted that many PEP students are alienated from formal education, with significant periods of unemployment and are often conscripted through the Commonwealth Employment Service (CES). They attend full-time and place greater personal demands on teachers, many of whom are not fully prepared for such a task. For these reasons much of the immediate concern of TAFE is for course and curriculum development, staff development, review of credentialling and development of support and counselling services. However, there are real concerns about who makes these decisions and how. Bradley claims that:

> The TAFE sector is the major educational prop of the sex segregational labour market which confines women to an unacceptably narrow range of occupational choices and opportunities. The tripartite arrangement whereby male unionists, employers and TAFE teachers plan and develop curricula institutionalises continuation of men's control over almost all trade and technical training in this country ... In addition this arrangement excludes any rights that TAFE students might have to participate effectively in the curriculum planning process ....

**Community Group Position**

The elimination from formal education of many potential PEP students who have left school highlights the need for outreach programs in their own right and as bridging into TAFE PEP. In some States there are community-based programs. Some involve collaboration with colleges and schools; others are totally outside institutions. The inclusion of community groups with experience and commitment to young people with special educational needs as advisers and providers is both desirable and problematic. It is problematic for two reasons. Firstly, the quality control and accountability notion of regular institutions may be inappropriate and indeed destructive of the sort of action needed for the real benefit of the alienated. Secondly, because community groups need the advice and support of TAFE institutions for funds, resources and advice, innovation proposals are vulnerable to conforming rather than developmental approaches.

The involvement of community groups has an important symbolism for institutions: it signifies their capacity to break their boundaries in both conventional and non-conventional manners in furtherance of participation and equity.

## PART THREE: TENSIONS AT THE SECTORIAL INTERFACE

Post-compulsory education has been moving from a state of being a minority concern for young people to that where both secondary and tertiary education are being required to assume broader purposes. Changed purposes require changes to curricula, institutional organisation, teacher skills and attitudes, public understanding and youth support policies. Not all the problems that change entails can be solved at school or college level or in sub-regional groupings or clusters. Policy changes are required that are of State and national dimensions.

There is tension at the sectorial interface between secondary and tertiary education in the areas of end-of-school certification, the structure of post-compulsory education, including schooling, and the nature of youth policy, in particular income support. All three require resolution in ways that enhance rather than discourage the participation of young people and remove the penalties from the disadvantaged.

Certification at Year 12 influences the size and the nature of the population achieving access to the tertiary arena and bears directly on the nature of secondary curriculum and thereby its appropriateness to a wide range of young people. Blackburn [27] has pointed out that as long as the major role of end-of-school credentialling remains selection for tertiary entry, the limits of change to curriculum and to accreditation have probably been reached. Beazley makes the same point. Hannan[28] drew a bleak picture of the changes being wrought by the Australia-wide reviews of end-of-school certification. In his view, changes to certification are marginal. New, alternative courses which are often examined in an alternative, mainly locally moderated way, are being acknowledged. But implicitly, a two-tier system of courses is being created composed of the academic courses with tertiary entrance clout and those, mainly new alternatives, without. Most of the latter are described on certificates with the former but in a different way. With the exception of Blackburn in Victoria they fail to relate school and TAFE certification.

After a decade of stable or declining demand for tertiary entry (except TAFE), increased demand over the past two years has reinforced the traditional competitive fight for and the monkey-grip of tertiary institutions, and of certain disciplines, particularly the prestigious ones, over the purposes and scope of upper secondary schooling, often in direct opposition to the goals of PEP. The best articulated response to this problem has come from the Australian Education Council. The Council states that the tension at the interface of secondary and higher education

> stems from the absence in higher education of any review of purposes which could match that being undertaken in schooling. As a result the articulation between higher and secondary education has become disjointed. [29]

Linking entry requirements and purpose, the Council stated that:

> To the extent that current entry requirements identify those likely to succeed they do so in relation to the set of purposes served by the courses ... If those purposes change or are broadened, then a change in entry requirements may well be a logical consequence ... If higher education is to cater for a larger proportion of the age cohort, then entry requirements must correspond to the broader purposes of higher education.
>
> The Council believes, for example, that serious consideration should be given to the view that passage from Year 12 to the first year of higher education should be as open as the current passage from Year 10 to Year 12: that, in effect, the vast bulk of the age cohort should have the right at least to try higher education.[30]

Such changes, which are of pressing concern to PEP, will require public education. That issue is taken up by McKinnon:

> So far the Australian public has been conditioned to the view that tertiary education is for a small privileged elite. It has not taken the view that tertiary education is a national necessity for a substantial proportion of the population. Part of the myth to which the population has been conditioned is that only a few are given the talent to be able to profit from tertiary education and that extension of it to a large number would necessarily involve an unacceptable lowering of standards. Moves to expand access involve overcoming such unfounded conservative views and increasing acceptance of the view that it is nationally necessary that a higher proportion of the population can and should be given opportunities to develop their talents to tertiary levels, that education is a developmental process with potential for success for a significant proportion of the population, not merely a winnowing process to discover the few born to rule.[31]

Such a view was strongly supported at the National Conference where a need for public education on PEP issues and implications was strongly recommended.

The difficulty of reforming Year 12 certification stems from its use to control entry to prestigious disciplines in universities such as medicine, engineering and law; and also to many other forms of employment and training, irrespective of the relevance of the certificate for that purpose. The nature and relative prestige of the Year 12 subjects bestowed by the certification process distorts the secondary curriculum. In effect, the process emphasises the academic as distinct from the more practical subjects and the theory rather than application even where subjects have a strong practical potential. This concentration on the prevocational preparation of professionals excludes those whom PEP is most concerned to encourage. For many, practice is the most effective avenue to learning, be it related to preparation for work or for life in a democratic society. Bradley [32] drew attention to the pedagogic lessons that schools could draw from TAFE in this regard. Institutionally the division is enshrined in the separation of schools from TAFE. Whether the more effective solution for young people is to encourage greater collaboration between the two or look to the creation of new, more inclusive structures is a matter of perspective, priority and pragmatism.

Collaboration between schools and TAFE varies between States. In the larger States, link courses have had both prevocational and awareness-raising aims. More recent developments have tended to address issues raised in the TAFE draft guidelines. For example, the Inter-departmental Review Committee in NSW is looking to determine the nature of programs, the content and the time allocation in order to gain accreditation as approved study courses for HSC and for TAFE credit. Funding, implementation and evaluation details are also under review.

The tensions in TAFE-school collaboration are various. Conceptualisation can be different between the two sectors; industrial conditions vary; the guidelines for funding are not uniform; there are different priorities in giving access, and accreditation of a single experience for differing purposes is difficult. Experience also shows that many young people are unwilling to move between institutions unless the desire for the experience is extremely strong and the conditions are ideal.[33]

Structural change that brings schools and parts of TAFE together in community colleges was proposed in the recent Victorian review of post-compulsory schooling:

> In the longer term, nothing less than post-compulsory institutions which are entities in their own right, dissociated from but drawing on both the school and TAFE traditions, can succeed in providing the kinds of learning experiences and integration of academic, applied, vocational and experiential learning now required for a third stage of schooling having serious purpose for the whole age group and oriented towards adult participation in the society.[34]

That review raised the curricular, pedagogic, operational and developmental issues involved in the context of 'some kind of all-age comprehensive community college'.[35]

**Income Support and Youth Policies**

The Government has often stated that PEP is the centrepiece or cornerstone of its developing youth policy in which education, training, employment policies and income support are co-ordinated. At the National Conference the major concern was for a rational and just system of income support which enabled young people to make an effective choice between the educational options available and which also had regard to the student's personal and family circumstances. Abrahart[36] contrasted two approaches to youth policy: the first a comprehensive ideological approach based upon youth empowerment, and the second a set of co-ordinated policies to reduce youth unemployment and the associated problems. He drew attention to the limitations of PEP alone acting, as it does, in only one arena of youth policy (and not comprehensively there). He pointed out that the opportunities PEP provided could be undermined by an income support system that supported unemployment, work or education but no meaningful combinations of these. At present the different Government departments that administer income support make payment according to various sets of conditions that reflect their individual departments' values and priorities. Education authorities' payments value education, parent responsibility and work and/or study habits. The policy for payments to those in the labour market accepts independence at 16 years: thus welfare payments are a right for the very same age group which is obliged to accept education as a privilege. Abrahart concludes that the incentives 'tend not to be in favour of further education or training except in a few cases ... Eligibility criteria are complex and there are no clear signals about which activities are favoured and which are not'.

Income support is only one of a series of initiatives in the youth area which include attempts to reduce unemployment, increase general support services and of course participation in education or training. The potential cost of comprehensive income support measures for youth in education and various forms of training is huge; the difficulties of parental income testing daunting and the machinery to implement a scheme huge and costly. In OECD terms income support is an arm of policy that steers the unemployed and unsuitable into activities with employment prospects, such as education and also enables young people to choose options without the of short-term financial factors. Conference opinion was that these conditions are not, at present, being met.

From PEPs perspective, the need is obvious for a comprehensive income support policy for youth to complement the drive in education and training for greater equity in opportunities for PEPs targetted groups. Without such a policy those from disadvantaged groups are unlikely to stay in or go back to education and the curricular and organisational initiatives in schools and colleges are likely to be superfluous.

Equity is more controversial than participation: it demands a more fundamental reappraisal and reconceptualisation of the purposes of education. Targetting is the most controversial issue in PEP because through it the Schools Commission and the TAFE Council have addressed equity. As Tannock[37] points out, PEP funds are marginal compared with

those required for the day-to-day running of systems. Whether to make PEP funds available to all or some schools is crucially related to policy priorities about equity. The Commission and the Council had the option of targetting or otherwise. In deciding to target, the focus could have been on special groups: the 'girls and students from disadvantaged backgrounds' of the 1983 Guidelines; institutions - described as 'secondary schools with low retention rates';[38] educational issues raised by the Commission or the Committee, or any amalgam of these. The Commission selected schools described by socio-economic criteria; the Committee, the most disadvantaged groups and most States have also emphasised issues approached often in ways that may conflict with the federal interest.

The Schools Commission's recommendation to target about 40 per cent of schools, to be determined largely on socio-economic criteria which the States and Territories could specify, has lead to considerable inter- and intra-state variations in criteria and hence in data bases. A special sub-committee under Schools Commission aegis is investigating the issue further. As with any targetting program those schools on the margin of being targetted can be described as particularly disadvantaged. Further differences have developed as those States recently or presently engaged in reviews of schooling have sought to merge State review recommendations with PEP which is a useful source of funds for change. Predictably there has been hardship for those schools running successful Transition Education programs who have not been targetted under PEP. Differences have also occurred between States and systems over the allocation of funds between schools and systems. Many of these are the teething problems of a complex program.

All TAFE colleges are eligible for PEP funding. The change from Transition Education to PEP Guidelines has caused some dislocation. Under the previous program priority on entry to TAFE courses was given to referrals from the Commonwealth Employment Service and an income support Transition Allowance was available. This policy made unemployment a prime criterion for targetting. However there appears to be inconsistencies in the extent to which unemployment and, in particular, length of unemployment can be correlated with the disadvantaged groups of prime concern to TAFE PEP programs. If TAFE is to concentrate in PEP on the most disadvantaged as is intended then even greater emphasis may need to be placed on non-institutional outreach programs.

There is a major question mark about the capacity of PEP to address fully the special conditions necessary for participation of the targetted groups, especially through school programs that are more broadly targetted than those in TAFE. At the National Conference the Aboriginal representatives[39] were strongly supported by those of non-English speaking backgrounds and the disabled in questioning the adequacy for the targetted groups of:

- programs aimed at the general school community
- structures developed for decision-making, such as State and local committees
- processes at present being used for determining the nature of local programs
- available funds.

In moving the PEP debate from participation to equity, from general and imprecise improvements to the specific actions required to promote equity under one umbrella, the real limitations of PEP become apparent, the difficulties inherent in paternalism clear and the need for the creation of priorities pressing. State Committees - government and non-government - are the expression of such a variety of representative and management purposes and pressures that direct representation of disadvantaged groups is not occurring and cannot occur in large scale expansion of the committee size or fundamental restructuring. (Some would argue that TAFE concerns are also assuming second rate status on some committees.)

At the local level, evidence from other programs[40] indicates the difficulty of developing effective non-teacher participation, particularly in the formative stages of programs and especially with people from targeted groups. The National Conference was pressed to make this a major priority area. In TAFE where there is apparently less experience of engaging students, the dominance of traditional administration-teacher dominated processes as described by Bradley appears largely unchallenged.

As is cited above, Hudson indicated that the cost of special provision for disadvantaged groups and individuals who have not previously participated is high. While the equity concept remains a high concern in PEP, achieving success in its implementation will require both a high degree of integration with existing special programs for effective resource use and/or allocations to particular groups within PEP. Another related issue as yet unaddressed is the representation of the needs of young people of low income who are not members of clearly defined groups such as Aborigines and the disabled.

Finally the Conference affirmed that the necessary marriage between schools and TAFE had some shot-gun characteristics. TAFE Colleges have greater autonomy than schools to enhance (or otherwise) school links and PEP programs. Their targetting is different from that of schools, the age group wider and in some cases less accessible and thus in TAFE the developing curricula agenda in part runs counter to that in many schools. Nevertheless, there are many areas of curriculum and pedagogy where the lessons to be learnt are eminently transferable: how this transfer is to occur needs to be confronted especially at a school and college level and in practical terms.

## PART FIVE: IN SUMMARY

In comparison with other Commonwealth Special Purpose programs PEP is undeniably wide ranging and ambitious. The Program is being implemented at a time when the Commonwealth Government is expressing disquiet about the quality of Australian education and in particular about the efficacy of some Commonwealth financed projects. This general concern is evident in the Quality of Education Review chaired by Professor Peter Karmel. More particularly the Commonwealth is concerned about its steerage capacity in relation to broad national policies. Yet it is hard to see the Government withdrawing from its politico-economic commitment to greater participation and increased relevance in education.

The conceptualisation of participation is less controversial than equity. Participation of necessity has to be more than retention in the post-compulsory years: indeed there is just cause for regret that the two were ever so closely associated. Profound and sincere questioning about who participates and how in education inevitably leads to questions of equity, to reconceptualisation of the purposes of education and to the need to review current practice. If such a review could leave institutions only marginally affected by change, the issue of equity would be less contentious. But when allied to the broader purposes debate, equity challenges vested well-established interest groups of teachers, parents and students in the secondary and, in particular, the tertiary arena for whom the ability to assert the pre-eminence of some forms of knowledge, skills and culture is crucial. While at present much of the PEP debate is particularist and myopic, the larger debate will, inevitably soon have to be joined.

In political quarters there is little sympathy for the valid claim that substantial educational change is not short-term. If PEP is to last the decade that Tannock believes necessary for it to achieve its ambitious goals, there will be searching evaluation and questioning along the road. For this PEP requires a more sophisticated and better developed research capability than has characterised other previous federal special purpose programs. The capacity is required for accountability and as a support for institutional evaluation. It does not now exist as a national capacity.

Deskilling of teachers is implicit in both the changing environment and in the new priorities that PEP heralds. Education will not be capable of developing broader purposes that incorporate mainstream secondary and tertiary sectors (and, less directly but inevitably, the primary arena) without staff development within a PEP framework. Such development cannot be just for those teachers initially developing PEP concepts. TAFE and the Schools Commission acknowledge this. Furthermore, there is a need for professional development and for changes in initial teacher education - in those sectors where it exists.

The first year of PEP has been marked by tension, some confusion and solid achievement. The announcement of the program triggered enthusiasm some of which has dissipated in the Program's unfortunately protracted development stage. The National Conference confirmed the high expectations of the Program and, despite the initial difficulties of melding national and State policies, the widespread goodwill that exists for the goals of PEP. It did not, of course, debate whether the Government's policy of the reform of existing institutions is more appropriate than other totally new or supplementary approaches to youth and labour market problems being undertaken overseas.

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# Traineeships for youth

One of our major concerns throughout the Inquiry has been the inadequate recognition accorded to further education and training in the current array of labour market programs. We believe that an increased share of resources will need to be directed to education and training if we are to make substantial progress towards achieving the basic objective of labour market programs, which is to enhance the ability of individuals to direct and control their working lives. Increased education and training effort not only improves the long term employment prospects of the individual, but also assists the economy by developing the nation's skill base and its ability to adjust to changes in economic conditions and technology.

In this and the following two Chapters we set down the basic framework, principles and strategy which we have concluded are necessary for the development of a revitalised training system in Australia. In this Chapter, we recommend the introduction of a system of traineeships, combining education, training and work to assist young people to gain a foothold in the workforce. In Chapter 8 we consider necessary changes and directions in trade training and in Chapter 9 we consider the training and retraining assistance required by adults.

## INCREASING THE LEVEL AND QUALITY OF VOCATIONAL EDUCATION AND TRAINING

In our Interim Report we observed that '... the current range of labour market programs does not appear to offer a viable strategy for meeting the needs of individuals for education/training and employment or for providing the skills for economic development.' (p.5).

In Chapter 2 of this Report we demonstrated the need for increasing the level of education and training in Australia. We outlined particular priority areas for the development of further education and training opportunities.

Young people are of particular concern. They have suffered a long period of declining opportunities. Even a return to high levels of economic growth is unlikely to reverse this trend. The lack of apprenticeship opportunities for young females means that they are considerably more disadvantaged than young males. In addition, the emergence of substantial numbers of unemployed adults will mean continuing competition, even for jobs normally held by young people.

We do not subscribe to the view that young people are unemployed because they or the education system have failed. There are considerable problems facing many young people, particularly those who would prefer employment to schooling. More effective education and training responses to these problems need to be developed.

In his speech to the Committee for Development of Youth Employment (Melbourne, 19 January 1984) the Prime Minister said:

> 'In today's world, young people need a broad, durable base of skills so that they can play a full part in society and be successful in an increasingly competitive employment market in an increasingly competitive world economy. To take maximum advantage of the opportunities being made available through technological change, young people today need more than the essential skills of literacy and numeracy. Our youth need flexibility and broad understanding so that they are able to adapt readily to new technologies and the rapid pace of change.
>
> Increased schooling and training are vital if young people are to acquire these skills and realise their full potential and if Australia is to have the skilled workforce we need.'

If those views of the Prime Minister are widely endorsed, and we believe they are, the present fragmented approach to post-secondary education and training of young people will not suffice. Nor will 'simple' approaches, such as purchasing jobs or attempting to cut the wage rates of young people, provide a satisfactory response to the problems of young people in the labour market.

A concerted effort by all parties, within an agreed framework, will be essential. There will have to be an acceptance that government, employers, unions and the young people themselves should all contribute to the cost of bringing about the required changes. If there is no such acceptance, then the oft-professed concern for youth unemployment will be revealed as mere rhetoric.

Many adults also require training assistance, especially those with little initial education and training. Typically, people who have been retrenched and those who wish to re-enter the workforce have difficulty in re-establishing themselves in employment because of a lack of skills, or because of outdated skills. Even many in employment - particularly those who are older, in low skilled jobs, or non-English speaking migrants - have limited access to formal training. A system designed to develop new training opportunities for young people should in due course also open up opportunities for adults and for retraining. In the interim, we propose in Chapter 9 an increase in resources for and an integration of existing formal training arrangements for adults.

New training arrangements for both young people and adults should be planned to complement and extend the existing arrangements for training in industry rather than to replace them. Clearly a strategy is required which encourages training effort by industry and individuals themselves and which directs public expenditure to those areas in which industry and individual investment fail to provide adequate training levels.

In order to develop such a strategy, we considered the different circumstances which affect training and employment in primary and secondary labour markets. Primary labour markets comprise enterprise based jobs and jobs requiring accredited or recognised skills. Secondary labour markets are made up of low wage non-career jobs.

**Enterprise based jobs** are those which exist typically in the larger enterprises in both the public and private sectors. Entry to these jobs is normally at the base level and the more skilled jobs lie on promotion ladders that are 'sheltered' from the labour market outside the enterprise.

Enterprise based jobs offer advantages to employers in that investment in training is safeguarded because employees are 'tied' to the enterprise, particularly where benefits accrue with years of service. Similarly, there are advantages for employees in that job security is provided, promotions are sheltered from outside competition and performance is rewarded.

**Jobs requiring accredited or recognised skills** which are common to a range of employers constitute the second type of primary labour market jobs. They therefore offer greater scope for mobility. Typically they include occupations which could be classified as professional, management, technical and trade. In all these cases credentials are important and in some cases licensing is required.

Training for these occupations is seen as a community rather than an industry responsibility. In some cases the cost of the training is shared by the community and industry. However, in most cases training is provided through free tertiary education courses and is therefore a substantial cost to the community. There is also a cost to the individual who undertakes the training. This is usually reflected in the wages foregone during formal tertiary education or reduced wages during training. The credentials given for completing such training, however, offer a worthwhile return on the investment in training and act as an incentive to undertake it.

**Low wage non-career jobs** occur in secondary labour markets. Often they involve temporary or casual employment and whatever skills are required are gained through work experience only. Many of today's opportunities for young, inexperienced people with no recognised qualifications are in such jobs. This is also true for women and disadvantaged people. There is evidence that the proportion of jobs in these secondary labour markets is growing.

While these jobs provide some useful experience, income, socialisation to the world of work and the security of being part of a community, they do not generally enhance the long term labour market prospects of the individuals concerned. If this trend to growing numbers of jobs in the secondary labour market continues, substantial numbers of people will have their aspirations frustrated and their financial independence made more uncertain. At the same time, their chances at some stage of becoming unemployed and remaining unemployed will grow.

There is little or no incentive for employers to increase the training component of jobs in secondary labour markets or for the people in these jobs to increase their skills. As suggested in the submission by Mr Justice Macken of the Industrial Commission of New South Wales, the increasing proportion of casual jobs among total jobs available to juniors is tantamount to a general 'deskilling' of the workforce. Mr Justice Macken suggests that some effort should be directed at converting casual employment into permanent employment with a training component.

Although this area of secondary labour markets is of the greatest concern, there are also some problems within the primary labour market which need to be addressed. There may be individuals who, for a range of reasons, cannot afford to contribute to their own training for jobs in primary labour markets. In other cases, training might best be provided in industry but some level of support might be necessary to compensate an employer for the costs incurred.

The strategy for improving the quality and quantity of training which we recommend in this and the next two Chapters is based on the following set of principles:

- government support should not replace employer investment in training for enterprise based jobs. Employers should be encouraged to further develop and share their expertise and training facilities through arrangements which promote co-operation;

- there should be a framework of training that encourages individuals to invest in their own training. Some individuals, particularly adults and the long term unemployed, will need assistance as the cost of the investment may be high and the returns may be long in coming. Support for industry investment in training for jobs requiring accredited or recognised skills may be warranted if the training can most effectively be provided by industry;

- there should be an equitable sharing of the costs of training between individuals, employers and governments;

- training for those in low wage non-career jobs or those likely to enter such jobs should be improved to provide 'stepping stones' to better jobs. The training should not be specific to particular jobs but broad based and aimed at providing transferable skills, or entry to further training. Government support will be required for this development, but equally critical will be the co-operation of employers and unions; and

- training arrangements should be designed which will work well in poor economic circumstances as well as when the economy is buoyant, to overcome large fluctuations in training activity.

This strategy takes account of the realities of the nature of different jobs in the labour market and our preference for systems which combine work with training. We propose:

- a system of traineeships for young people in non-trade occupations combining broad based general education and training with work in a related occupation. The attempt is to capture the benefits of the 'dual system' operating in German-speaking countries where youth unemployment rates have been maintained at about the average for the population as a whole;

- changes to trade training and related support programs which make them more consistent with the economic principles of traineeships, and free resources to assist a larger and more varied group of people (this is taken up in Chapter 8);

- more flexible options for adult training (a 'second chance') so that the needs of older workers are acknowledged and their previous knowledge and experience recognised (see Chapter 9); and

- to promote enterprise based training (see Chapters 8 and 9).

**A NEW TRAINEESHIP SYSTEM**

In forming our proposals for a new traineeship for young people, we examined the array of existing training arrangements.

There are many training systems which combine work with general or specific training. In highly structured systems, as in German-speaking countries, the on-the-job and off-the-job components are integrated through legislative or award provisions and accreditation depends on completion of both components. In Australia, the main examples of this approach are the apprenticeship system of trade training and the hospital based courses of nurse training. Each year about 40 000 young people, representing 18 per cent of school leavers (33 per cent of males, 4 per cent of females), enter apprenticeships. Another 9 000 school leavers, mostly female, commence training in hospitals as nurses and nursing aides in what are, for all intents and purposes, apprenticeships.

We note the shift of nurse training from hospitals into colleges of advanced education (CAEs). Whatever the merits of that shift, it will remove a major avenue for females to obtain training concurrent with employment. We would hope that when new arrangements are developed for training nursing aides, opportunities will be at least partly restored for this type of training, perhaps using the hospital training facilities previously allocated to nurses.

More informal arrangements for combining employment and education are practised extensively in Australia. They are illustrated by the large numbers of students who attend certificate and other vocational courses in technical and further education (TAFE), usually in the evenings. Such students include many who are attempting to gain, update or extend skills for jobs as technicians in industry or commerce.

Some years ago cadetships/traineeships were widely used by the public sector and large companies for training for various occupations, typically teaching, engineering and science based occupations. Often these involved full-time attendance at universities or colleges and related vacation employment. In other cases they operated in a similar way to trade apprenticeships with release to undertake part-time education. Cadets/trainees were paid wages or special allowances by the employer, and there was a contractual arrangement in the form of a bond. This type of arrangement has substantially declined in the last 10 to 15 years.

The benefits of this trend to institutional training include increased control over the quality and quantity of training. However, the costs of training are transferred to the public institutions and this may be less cost effective. The transfer also appears to be increasing 'credentialism'. This occurs when the qualifications needed for entry to an occupation are upgraded but there is no commensurate change in the skill and knowledge requirements of the job.

For many occupations, however, there is a limit to which institutional training can and should replace work experience. For example, the Report Institutional Trade Training (Commonwealth-State Apprenticeship Committee, Canberra, 1984) rejected the notion that trade training could be undertaken wholly within a TAFE college. It stated that '... for all sorts of practical reasons, including costs, there is a limit to what can be achieved through simulated work experience, in either institutions or in-plant training centres within enterprises' (p.5). Furthermore, many young people have indicated a clear preference for employment rather than full-time study. An increase in institutional training is, therefore, unlikely to affect a large number of young people who are now in lower skilled jobs or who are unemployed.

For many young people, particularly early school leavers, the current range of options does not take sufficient account of the value of further education and training, or the value placed by the young people themselves and employers on work experience and learning on the job. We believe that there should be more options which combine the two, and that this will result in enhanced labour market prospects for the individuals and add to the stock of skills in the economy.

Arrangements which combine employment, education and training also have a number of other important benefits. For example, they act to bring employers and education and training authorities closer together. They provide an impetus to train for those who are not motivated by full-time study, and they provide a level of income during training which may be necessary to permit some people to participate. They also offer the possibility of spreading available work and training opportunities among a larger and more varied group of people.

**Recommendation 18.** A system of traineeships combining work and formal education and training should be developed, initially for young people.

These traineeships should combine broad based vocational education and training in an institution with work in a related occupation, as an integrated training system. They represent our key response to the labour market problems of young people. They can be successful only if employers, unions and government are supportive, as there will be many difficulties to be overcome. Therefore they will need to be developed on a tripartite basis.

Traineeships should act as a 'stepping stone' into primary labour market jobs, improve and increase broad based work related training and improve the 'life chances' of the participants. They should increase the status of many of the jobs involved. The target group should be predominantly those who have left school before completing year 12, but in the longer term the traineeship system should have the capacity to assist others, including people returning to the workforce. The arrangements for the latter group would need to include curricula and courses designed to recognise the life experiences of older workers.

The target group must include both the employed and the unemployed because, as we indicated earlier, many junior jobs offer essentially unstable employment and few training opportunities, and a large proportion of young people experience at least some unemployment during their early work career.

We suggest that traineeships be restricted initially to 16 and 17 year olds. This will overcome the potentially adverse effects of encouraging 15 year olds to leave school and encouraging 18 year olds to defer entry to tertiary institutions.

We have considered whether traineeships will attract 16 and 17 year olds out of school. On balance we believe that their attractiveness to these school students will be marginal, but this will need to be carefully monitored as the system is built up. Appropriate accreditation and other bridges into the education and training systems will assist in linking traineeships to existing arrangements.

It is vital that the present efforts to make school more attractive and relevant to young people be maintained, and that the Government's aim of increasing participation, particularly among the most disadvantaged, continues to be strongly supported. Traineeships should give an added dimension to the education and training options of young people rather than replacing existing ones.

**Training Considerations**

The balance between the needs of the employer for job specific training and the needs of individuals and society for more general, transferable skills is critical. We favour an emphasis on general, transferable skills, because they enable people to cope more readily with technological and structural change. They also provide a base for long term personal development, and enhance job mobility and access to further training and credentials.

The formal off-the-job training component of traineeships should be broad based, focusing on a family of occupations, and including humanities and social studies. There is no reason why the general studies part of the formal training should not be taught through vocational as well as academic programs.

The training should, we suggest, seek to develop communication, mathematical, manual, visual and problem solving skills. Education in information technology, that is, the technology and processes associated with computer based communications systems, should also be included. The skills required to manipulate and use information technology systems will be important for personal development and future employment.

**Recommendation 19.** The Australian Education Council's Task Force on Education and Technology should be asked to report on the ways in which traineeship courses could be designed to include training in information technology.

There will need to be some national consistency in traineeship courses, but with scope for local adaptation. This is a matter on which the Technical and Further Education Council could give advice, as it has been supporting the development of national core curricula in TAFE courses.

We envisage that this formal, off-the-job training component would need to be a minimum of 13 weeks, in the form of day release for two days a week or, in exceptional circumstances (e.g., in the case of young people from remote areas) block release. This compares with the off-the-job component of apprenticeship which ranges from 14 to 32 weeks.

With the concurrent development of more options such as new courses at Years 11 and 12 in schools and traineeships, we believe that the opportunities for gaining credit towards a recognised skill qualification will expand considerably. We would hope that in time equal credit would be given to Year 11 and 12 studies, some TAFE programs, traineeships, and at least a part of apprenticeship, so that there is a variety of options for further education, training and employment. Such recognition is important because, in a world that requires adjustment to changes of many kinds, it is essential that initial qualifications and credentials not be seen as an end point in any training system.

We believe that in most cases the off-the-job component should be provided by TAFE institutions. This will help to encourage consistency and quality in provision, and draw TAFE and industry closer together. In the longer term, the TAFE component of traineeships could require substantial resources, perhaps of the order now required for trade training.

Where TAFE facilities are not available or suitable, it would be appropriate to use private sector or other providers' facilities. In Chapter 8, for example, we refer to the importance of industry providing the more specialised practical training of a range of people, including trainees. The influence of technological change makes it important that trainees and others have some contact with the most modern equipment and processes being used in industry and commerce.

Our approach to the **on-the-job or work component** of traineeships is one which recognises the attributes of 'real work' as a means of acquiring skill. Earlier we indicated the learning experiences gained through work. Wherever possible we believe that the work component and the off-the-job training component should be complementary. We do not have in mind arrangements for inspections and controls over the work component. Rather there should be assistance to employers in establishing good training practices. Accreditation and certification arrangements should take adequate account of both components.

At an early stage, a specialist group of people should be convened to advise on the appropriate training structures and content. This group should include people representing all appropriate levels of education, particularly TAFE, industry, unions, and those who are training advisers to government.

**Recommendation 20.** A specialist group, comprising people from education, industry, unions and State training authorities, should be established to develop the appropriate training structures and content for traineeships.

Trainees should be contracted to individual employers but group employment arrangements similar to those available through group apprenticeship should be strongly encouraged. The latter arrangements may encourage greater involvement by small employers and would assist the development of industry agreements on traineeships.

It is important that the traineeship system is seen by the target group as a quality program worth undertaking. The proposed arrangements for accreditation and links with other education and training options should help achieve this acceptance. We believe that the length of traineeships should be at least 12 months. In some circumstances longer programs will be appropriate. A duration of more than 12 months should, in our view, be sought in the negotiations with unions and employers.

**Income Support**

With the possible exception of the costs of providing formal training, the traineeship system should not be a cost burden on employers or governments. A key principle of the new system is that trainees should be paid wages only for the time spent on the job.

We considered the option of recommending government allowances rather than wages for trainees, but rejected this approach because of its implications for industrial relations and its cost. The cost to the Government of an allowance similar to unemployment benefit (for young people) for a program of 75 000 places would have been more than $150 million, even allowing for some savings in unemployment benefit. There would undoubtedly be attempts to extend similar income arrangements to other cases in which students are working and studying for their qualifications. An allowance might also raise fears of malpractice and the possible substitution of paid workers for trainees on allowances.

We believe employers should make a contribution to the training of the future workforce and that an industrially determined wage will ensure that more attention is given to the nature of the work undertaken, when trainees are on the job. Similarly, it is reasonable that the trainees receiving the benefits of the new system should contribute to the costs through foregone income while engaged in general education and broad based vocational training.

Moreover, it seems to us most important that traineeships be seen as a legitimate skill training system. In a number of countries in which special programs for school leavers have been developed with remuneration based on government allowances, their status has suffered and they have been seen merely as a means of soaking up unemployed young people. They have also generated serious concerns on the part of the unions.

We do not wish to develop a system which relies on continuing government subsidies to recompense employers for releasing trainees to formal off-the-job training. This would be very expensive, thus restricting government assistance in other areas or necessitating a more limited system of traineeships than the one envisaged here.

As employers will naturally employ the young people they consider most suitable, those who are especially disadvantaged, such as people with disabilities and people who are currently classified by the DEIR as special needs job seekers, will require additional assistance. Accordingly, we believe that a recruitment incentive in the form of a wage subsidy is needed to ensure the participation of especially disadvantaged young people. This wage subsidy would not form part of the program we describe in Chapter 10. Though not a major aspect of our strategy, we also believe that it should be possible to create traineeship positions under the Community Employment Program (CEP). This question should be further considered in consultation with the States as part of the CEP review.

**Implementation**

We suggest a national conference to obtain a commitment from employers, unions and governments to the kinds of changes we have suggested and to develop a plan for taking the new traineeship system forward. There are many difficulties to be overcome. Employers will need to be convinced of the benefits of the system. Union concerns about the quality of training, the possibility that the rates of pay would lead to exploitation, the substitution of young workers for older workers, the dilution of existing training arrangements and flow on implications, will need to be allayed. Clearly, tripartite determination of the system is required.

The Commonwealth Government should take a key leadership role in stimulating and co-ordinating this system, and in providing special funds for its implementation.

The basic management of the system would best be handled through the State training authorities. State legislation should be used to establish the necessary legal framework. At the same time, however, it would be desirable if the legislative provisions were consistent between States. A national working group could develop model provisions.

It is important that the same mechanisms used to administer trade training should be used to administer this system. Such mechanisms have been largely successful and it would be foolish to attempt to duplicate them. Furthermore, many of the occupational areas likely to be covered by traineeships are covered by State awards. The State training authorities have recording and accrediting arrangements in place, as well as the nucleus of a necessary field advisory service for contact with industry training bodies and employers. State governments should also be encouraged to provide appropriate financial support for the system, as they do for apprenticeship (e.g. concessions on payroll tax).

To assist in starting up the traineeship system, we consider that use should be made of Experimental Training Projects (ETP) to allow options to be tested and experience gained. This program received favourable comment during the Inquiry and seems to be a good way of piloting new training ideas. Once the pilot phase is completed we believe that the ETP should be absorbed in the traineeship system.

**Recommendation 21.** As an interim measure, Experimental Training Projects (ETP) should be used to fund off-the-job training for piloting traineeships. In the longer term, the ETP should be absorbed in the traineeship system.

We envisage that the Commonwealth should fully fund these initial pilot traineeship courses. Although longer term funding should be the subject of Commonwealth-State negotiation, we believe that there still will need to be a substantial ongoing commitment from the Commonwealth.

There are some fairly obvious areas in both the private and public sectors which we think are well suited to the introduction of structured training of the kind envisaged. They:

- employ large numbers of young people;
- have above average employment growth rates;
- contain several large enterprises;
- experience extensive or rapid technological change;
- represent new industries or those in which new occupations are being established;
- provide little training; or
- do not limit access to training on the basis of rigid skill categories.

After monitoring the pilot programs and settling the arrangements for a national system, it should be built up to at least 75 000 places annually, with broad industry coverage. As we outlined in Chapter 2, each year some 100 000 young people enter the labour market without any formal vocational training.

There is also a backlog of young unemployed and we therefore believe that a minimum of 75 000 places would need to be made available each year. We do not deny that this is a large task but, under the direction of the new council we propose in Chapter 12, we believe the momentum could be maintained and the target achieved. It will be a substantial task for TAFE, with implications for its level of resources and the use it makes of these resources. The TAFEC will have to take account of the resource implications of the traineeship system when providing advice to the Commonwealth Government.

There are also a number of other machinery matters, such as award arrangements, which will need to be addressed as the new system evolves. In this process, it will be important to ensure that access to training, and training considerations, remain paramount. Governments will need to ensure that the establishment of training classifications and related matters are determined by appropriately constituted tripartite training authorities and not by industrial tribunals. These industrial tribunals would continue to determine conditions of employment.

The annual recurrent cost of providing off-the-job training for 75 000 young people is likely be about $130 million. Except in the case of especially disadvantaged people, no other costs by way of subsidies or allowances would be incurred. Indeed we would expect that most, if not all, of the $130 million would be offset against savings in other programs which would be reduced or even ended when the traineeship system is fully operational. Specifically, savings can be identified in programs such as the TAFE Participation and Equity Program (PEP), the ETP, the Special Youth Employment Training Program (SYETP) and the Transition Allowance. As stated in Recommendation 21, ETP should be absorbed in the longer term into the traineeship system. In addition, we envisage that both the TAFE component of the PEP, and the SYETP, as they apply to those under 18, will be phased out as the traineeship system is introduced, as will the payments of Transition Allowance to such young people in TAFE courses.

More generally, we would expect savings in unemployment benefit payments, and further savings in the TAFE PEP and the Transition Allowance, as participation in the traineeship system reduces the numbers of people over 18 years of age who have received no initial vocational training.

**Recommendation 22.** The new traineeship system should have the following basic features:

i) formal off-the-job education and training complemented by work in a related occupation;

ii) the target group initially should be those aged 16 and 17 who have left school before completing year 12 and there should be equal access for females and males;

iii) traineeships should be of a minimum of one year's duration with a minimum of 13 weeks off-the-job training covering broad based skills relating to families of occupations. The on-the-job training should be flexible in content, duration and attendance patterns;

iv) trainees should be contracted to individual employers or State regulated group training schemes;

v) income support should be provided through appropriately negotiated wages which take into account the value of the training to the trainee, the trainee's productivity and other relevant factors;

vi) there should be contracts of training, administered by the State training authorities;

vii) training arrangements and conditions should be consistent across States and Territories;

viii) the Commonwealth should lead and co-ordinate the development of the traineeship system;

ix) TAFE should be the predominant provider of the off-the-job component, but industry and private organisations should be encouraged to participate in this training;

x) the program should be appropriately accredited and provide avenues to further accredited education, training and employment;

xi) in 1985 there should be a national conference on the proposal, followed by a White Paper and legislation and pilot programs;

xii) the target should be at least 75 000 traineeship places by the end of 1988; and

xiii) an appropriate recruitment incentive in the form of a wage subsidy should be introduced to ensure that especially disadvantaged young people are able to participate in the system.

**Source:** Report of the Committee of Inquiry into Labour Market Programs, (P. E. F. Kirby, Chairman), AGPS, Canberra, 1985, pp. 109–20.

# Annotated bibliography

## Reports and their context

**Australia,** *Report of the Committee on Australian Universities* (K. A. H. Murray Chairman), AGPS, Canberra, 1957.
This report set the stage for the Commonwealth's assumption of responsibility for university funding and for a major expansion of the university system. The major concern was what was seen as a lack of sufficiently trained professional level people. It also laid the basis of the later moves by the Commonwealth in the area of education and training.

**Australia,** *Tertiary Education in Australia* (L. H. Martin Chairman), AGPS, Canberra, 1965.
This report set the stage for the Commonwealth's move into the area of non-university tertiary education through the creation of CAEs. As with the Murray Report the concern was to fill perceived shortages of appropriately trained (educated) workers. The CAEs were seen as institutions to produce a less theoretically trained graduate – the concern was to produce more applied scientists and technicians, as well as teachers. The theoretical basis of the report was human capital theory. Increased investment in human capital was seen as a means of increasing economic growth as well as a means of meeting labour market demand.

**Australia, Interim Committee for the Australian Schools Commission** (1973), (P. H. Karmel, Chairman), *Schools in Australia*, AGPS, Canberra, 1973.
This report was commissioned by the newly elected Labor Government in 1972 as the forerunner to the establishment of the Schools Commission. It set out the major concerns and directions of the Schools Commission, and laid the groundwork for the Commonwealth's major intervention in the area of direct funding for schools. It firmly rejected the human capital theory of education, and saw education more in terms of its being a good in its own right. The central themes were equality, diversity and community involvement. It favoured the bottom-up approach to educational innovation and reform (as opposed to the top-down approach). It was the major statement on education which attempted to divorce educational provision from considerations of the labour market.

**Australia, Committee on Technical and Further Education,** *TAFE in Australia* (M. Kangan, Chairman), AGPS, Canberra, 1974.
This report set the framework for Commonwealth funding of the long-neglected area of technical and further education. The approach adopted was to selectively fund priority areas such as staff and resource development through a national TAFE Council. This report also marked the end of the narrow human capital approach adopted in the 1965 Martin Report. Education for personal development and vocationally relevant skill development were seen to be complementary.

**Australia, Committee of Inquiry into Education and Training**, (B. R. Williams, Chairman), *Education, Training and Employment*, AGPS, Canberra, 1979.
A very long report which reflected the then government's concern about the relationship between education, training and youth employment. In many ways it marked a move away from the concerns of the 1973 Karmel Report. Quality of education and efficiency in its delivery were given greater emphasis than the earlier concerns of equality and diversity. The human capital notion that increased education investment led to increased growth was turned on its head. In many ways this report legitimated the more restrictive education policies of the Liberal Government.

**Australia, Commonwealth Tertiary Education Commission**, (H. K. Coughlan, Acting Chairman), *Learning and Earning*, AGPS, Canberra, 1982.
This report, written by the Commonwealth Tertiary Education Commission was an attempt to come to grips with the changing economic and social environment confronting tertiary education. In some ways it got the changing education–labour market relationship very wrong. For example it focused on what it saw as a flight from education in the second half of the 1970s. Such a flight, however, did not occur for all young people, but only among teenage males for a few years.

**Australia,** *Report of the Committee of Inquiry into Labour Market Programs* (P. E. F. Kirby, Chairman), AGPS, Canberra, 1985.
A major report which aimed at effecting a major re-orientation in the government's employment and training programs. Narrow human capital theory was rejected and theories of primary and secondary labour markets and segmented labour market theory was integrated with the view that broad-based vocational education can help develop a more skilled and flexible labour force. The report also argued for a greater integration of vocational education and labour market programs; for the development of fewer mainstream programs to replace marginalising targeted programs; for a collapsing of the false distinction between efficiency and equity objectives; and for the creation of a new traineeship system of vocational training.

**Australia, Commonwealth Schools Commission,** *Participation and Equity in Australian Schools*, (P. D. Tannock Chairman), 3rd edn, AGPS, Canberra, 1985.
This brief report set down the underlying educational principles and objectives of the Participation and Equity Program which replaced the previous government's School to Work Transition Education Program. PEP placed greater emphasis on effecting comprehensive reform of the school curriculum as opposed to the creation of yet more marginal additives to the mainstream school curriculum–a move in the right direction.

**Centre for Contemporary Cultural Studies, University of Birmingham,** *Unpopular Education*, Hutchinson, London, 1981.
This book develops an analysis of the development of education in Britain in the post-war years from the perspective of temporary settlements in the debate

about the work of schools and education. More specifically, it analyses the formation, development and later collapse of the social democratic settlement in education. Their analysis clearly brings out the relationship between education on the one hand and the economy and economic theory on the other.

**Freeland J. & Sharp R.,** 'The Williams Report on Education, Training and Employment: The decline and fall of Karmelot', *Intervention*, no. 14, 1981.
A critical review of the 1979 Williams Report which places the conservative moves to restructure education in the context of international economic recession.

**National Clearinghouse for Youth Studies,** *Youth Studies Abstracts*, Research School of Social Sciences, ANU.

**National Clearinghouse for Youth Studies,** *Youth Studies Bulletin*, Research School of Social Sciences, ANU
These two publications (published quarterly) provide an invaluable guide to research and debate on young people in Australia and government provision for young people.

**New South Wales, Department of Education,** *Report of the Committee Appointed to Survey Secondary Education in N.S.W.* (H. S. Wyndham Chairman), OECD, Paris, 1957.
This report represents an attempt to chart the course for comprehensive curriculum reform for the universal provision of lower secondary education. The concern was to break the elitist tertiary-orientated curricula and to develop an educational provision of quality, relevance and interest for all young students.

**OECD, Manpower and Social Affairs Committee,** *Review of Youth Policies in Australia*, OECD, Paris, 1984.
This is the OECD's review of policies for young people commissioned by the new Labor Government in 1983. Its major concerns were with educational provision, employment and training programs and income support. It identified the lack of adequate co-ordination and integration of effort across departments and between the Commonwealth and States. It argued for a 'Youth Entitlement' year for young people leaving school.

**Victoria,** *Ministerial Review of Postcompulsory Schooling* (J. Blackburn, Chairperson), Melbourne, 1985.
This is but one of many reports commissioned by the various state governments to review the present arrangements for the education of young people after the age of 15 years. It makes far-reaching recommendations for the comprehensive reform of post-compulsory years of schooling, although some people have observed that it appears to have pulled back from some of the reforms the review committee had foreshadowed in its earlier discussion paper.

**White, D.,** 'Participating in nothing: New moves in education', *Arena* no. 68, 1984, pp. 79–90.
A critical examination of the Participation and Equity Program. The title gives a good indication of the central concern of this critique.

## Reproduction theory

**Connell, R. W., Ashenden D., Dowsett, G. & Kessler, S.** *Making the Difference*, George Allen & Unwin, Sydney, 1982.
A very readable book on the perceptions of students, parents and teachers on the current state of education in Australia. The major concerns are the issues of class and gender and how they are affected by our dual schooling system. The accounts of the authors' extensive interviews and case studies are used as the basis for making general and theoretical observations. The book generally adopts a position hostile to reproduction theory.

**Willis P.**, 'Cultural production is different from cultural reproduction is different from social reproduction is different from reproduction', *Interchange*, vol. 12, nos. 2/3, 1981, pp. 48–67.
This article attempts to clarify a number of definitional issues surrounding the debate about reproduction theory. It is also Willis's response to a number of criticisms raised by people of his major work *Learning to Labour*. This volume of *Interchange* is a special double issue on 'Rethinking social reproduction'. The whole area of reproduction theory has been overlooked by economists of education (for example, the Blaug article). A more productive understanding of the socio-economic function of schooling would be derived by integrating elements of the economics of education and reproduction theory.

## The current political economic context to educational reform

**Dow, G., Clegg, S. & Boreham, P.**, 'From the politics of production to the production of politics', *Thesis Eleven*, no. 9, 1984, pp. 16–32.

**Triado, J.**, 'Corporatism, democracy and modernity', *Thesis Eleven*, no. 9, 1984, pp. 33–51.
These two articles are representative of the debate about the corporatist or tripartite experiment in Australian politics. The Dow et al. article argues for the 'Accord' and the consequent efforts to incorporate the unions and employers in the development of government economic and social policy, while the Triado article attacks the experiment.

**Offe, C.**, 'Competitive party democracy and the Keynesian welfare state', in Offe, C. (ed.), *Contradictions of the Welfare State*, Hutchinson, London, 1984.
This article surveys the development of both competitive party democracy and the Keynesian economic settlement and examines the limitations of the modern welfare state in terms of it providing for the needs of people. While not directly addressing the issue of education, the article does carry implications for how we see education vis-a-vis the economic and political system.

'Statement of Accord by the Australian Labor Party and the Australian Council of Trade Unions regarding Economic Policy', *AMFSU National Information Bulletin*, no. 1/83, 1983, Sydney.
This is the actual 'Accord' that the media is forever reporting to be in danger of collapse. It is essential reading for people concerned in having an

understanding of the current political debate. While being primarily concerned with economic policy, it covers what is called the 'social wage', including education, policy. It is the basic document which has led people to talk about a new corporatist or tripartite settlement between capital and labour. It is an attempt to establish an Austrian or Swedish type approach to economic and social policy development – a post- or neo-Keynesian alternative to monetarist economic and social policy. It has obvious implications for education.

## About the author

John Freeland is currently a Lecturer in Social Policy in the University of Sydney's Social Work Department. He was previously an economics and history teacher in a Brisbane High School, a Research Officer with the Queensland Teachers Union, and an Assistant Lecturer in the Sociology of Education at Sydney University. More recently he has been involved in consultancy work with the Commonwealth Government. In 1983 he assisted in the preparation of Australian background paper for the OECD Review of Youth Policies. In 1984 he was a half-time consultant to the Kirby Committee of Inquiry into Labour Market Programs, and in 1985 he was a member of the Task Force on Youth Policy. He is Vice President of NCOSS and a board member of the Australian Council of Social Service (ACOSS).

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